

ARTICLE VII

BUSINESS AND ECONOMIC DEVELOPMENT

Sec 1. The several sums of money herein specified, or so much thereby as may be necessary, are appropriated out of any funds in the State Treasury not otherwise appropriated, or out of special funds as indicated, for the support, maintenance, or improvement of the designated business and economic development agencies.

TEXAS AEROSPACE COMMISSION

	For the Years Ending	
	August 31, 2002	August 31, 2003
Out of the General Revenue Fund:		
A. Goal: EXPAND AEROSPACE INDUSTRY		
Maintain and expand aerospace industry resources, investment and jobs while enhancing business and public awareness and recognition of the space and aviation industries and their benefit to the people and economy of Texas.		
Outcome (Results/Impact):		
Number of New Jobs Announced in the Aerospace Industry in Texas Attributed to the Activities of the Texas Aerospace Commission	1,450	1,600
Number of Newly Created or Expanded Aerospace Facilities Announced in Texas Attributed to the Activities of the Texas Aerospace Commission	4	5
A.1.1. Strategy: ATTRACT AEROSPACE INDUSTRY	\$ 1,250,000	\$ 750,000
Work with industry, government and academe to attract aspects of space and aviation industry to Texas and to implement a plan to enhance the recognition of the industry in Texas.		
Output (Volume):		
Number of Business Opportunities Pursued	4	4
Number of Joint Projects with Other Entities	3	3
Number of Information Projects Completed	10	10
Efficiencies:		
Average Cost Per New Job Announced in the Aerospace Industry in Texas Attributed to the Activities of the Texas Aerospace Commission	100	100
Average Cost Per \$1,000 in Value of Newly Created or Expanded Aerospace Facilities Announced in Texas Attributed to the Activities of the Texas Aerospace Commission	150	150
Explanatory:		
Number of Contacts with Industry and Government Entities To Affect Decisions to Base Aerospace Business Activity In Texas	280	310
Grand Total, TEXAS AEROSPACE COMMISSION	\$ 1,250,000	\$ 750,000
Number of Full-Time-Equivalent Positions (FTE):		
	3.0	3.0
Schedule of Exempt Positions:		
Executive Director, Group 3	\$75,000	\$75,000

TEXAS AEROSPACE COMMISSION
(Continued)

1. **Unexpended Balances.** Any balances on hand as of August 31, 2001 are hereby appropriated to the Aerospace Commission for the fiscal year beginning September 1, 2001, for the purpose specified. In addition, any balances on hand as of August 31, 2002 are hereby appropriated to the Aerospace Commission for the fiscal year beginning September 1, 2002, for the purpose specified.
2. **Appropriations Limited to Revenue Collections.** It is the intent of the Legislature that fees collected from the sale of Aerospace Commission license plates as authorized by VTCA, Transportation Code, § 502.271, and generated by the agency, cover \$12,688 of the cost of the general revenue appropriations made above for the strategy items in Goal A., Expand Aerospace Industry. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available. All license plate fees deposited in excess of \$12,688 per year are hereby appropriated for the 2002-03 biennium for the economic development of the aerospace industry consistent with the provisions of VTCA, Government Code § 482.003.
3. **Coordination of Spaceport Initiatives.** It is the intent of the Legislature that the Texas Aerospace Commission, the Texas Department of Economic Development, and the Texas Department of Transportation coordinate their efforts and spending related to establishing a reusable launch facility or Spaceport. These agencies shall develop, maintain, and adhere to a memorandum of understanding by January 1, 2002, that details the specific responsibilities of each agency and continues to provide interagency coordination and support to achieve the objective of establishing as Spaceport. Out of the amounts appropriated above in Strategy A.1.1, Attract Aerospace Industry, the sum of \$1,574,370 in General Revenue is to be used by the Texas Aerospace Commission for the purpose of awarding grants or assisting with other proposal development costs to selected local Texas communities which may compete for the location of such a facility.

Expenditures from the appropriations made above is conditioned upon the participation by the Comptroller of Public Account in the development of guidelines for the grant application process and contract awards as a means of assuring that all applicable state procurement laws and other processes are followed. The Comptroller shall provide assistance in the final grant or contract review and recommendation process and shall recommend other participants as may be required. All such grants or contracts shall be subject to approval by the Comptroller.

TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT

	For the Years Ending	
	August 31, 2002	August 31, 2003
A. Goal: TOURISM		
Enhance the economic growth of Texas communities through tourism marketing and development.		
Outcome (Results/Impact):		
Number of Domestic Leisure Travelers to Texas (Millions)	120	121
A.1.1. Strategy: MARKET TEXAS TRAVEL	\$ 19,100,592	\$ 19,236,254
Market and develop Texas as a premier leisure travel destination.		

TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT
(Continued)

Output (Volume):			
Number of Consumer Inquiries Generated by Texas Department Economic Development Advertising	1,300,000		1,300,000
Number of Rural and Border Communities Assisted with Tourism Marketing, Development, and Research Assistance	300		320
Efficiencies:			
Return on Investment from State Funding for Tourism Promotion	10.7		10.7
B. Goal: BUSINESS DEVELOPMENT			
Enhance economic growth of Texas communities through business marketing and development.			
Outcome (Results/Impact):			
Percent of Rural Communities Assisted by TDED and TDA	85%		85%
Number of Job Opportunities Announced by Businesses That Receive TDED Assistance	27,691		29,318
Number of Actual Jobs Created by Businesses That Receive TDED Assistance	7,688		8,226
Percent of Available Empowerment Zone and Enterprise Community Grant Funds Drawn	89%		89%
Percentage of Smart Jobs Grants Allocated to Micro and Small Businesses	75.7%		75.7%
Percentage of Smart Jobs Participants Completing Training	75%		75%
B.1.1. Strategy: MARKET TEXAS	\$ 3,091,758	\$	2,097,797
Market Texas as a globally competitive business location.			
Output (Volume):			
Number of International Trade Leads Generated through TDED-sponsored Activities	6,250		6,500
Number of Companies Participating in International Trade Events Organized or Sponsored by the Texas Department of Economic Development	130		130
Number of Out-of-state Businesses Developed as Recruitment Prospects	211		226
Number of Texas Businesses Developed as Expansion Prospects by TDED	239		256
Number of Rural Communities Assisted by TDED and TDA	350		375
Number of Economic Development Activities and Events Held By TDED and TDA to Provide Businesses in Rural Communities with Information and Assistance	25		30
Number of Rural Communities Assisted by TDA and TDED in Leveraging State and Federal Programs	130		140
B.1.2. Strategy: PROVIDE DATA	\$ 900,418	\$	908,034
Provide economic and demographic data for the development of research, data, and information products that can be used to market and promote Texas as a business location.			
Output (Volume):			
Number of Completed Information Requests Answered by Toll-free Information Staff	24,000		24,000
Number of Internet User Sessions Where Procurement Information Is Sought or Posted through the Texas Marketplace System	692,120		761,332
B.2.1. Strategy: INCENTIVES AND TOOLS	\$ 11,956,662	\$	6,661,805
Provide business incentives and economic development tools to assist businesses and communities to create and retain jobs.			
Output (Volume):			
Dollar Value of Private Capital Leveraged by Loans and Loan Guarantees	890		890
B.2.2. Strategy: WORKFORCE INCENTIVES	\$ 52,077,047	\$	1,159,740
Provide workforce incentives to assist businesses and communities to create and retain jobs.			

TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT
(Continued)

Output (Volume):		
Number of Smart Jobs Participants Completing Training for		
New Jobs	4,120	8,177
Number of Companies Successfully Completing Smart Jobs		
Contracts	212	421
Efficiencies:		
Average Cost Per Smart Jobs Trainee Served	1,775	1,915
Explanatory:		
Number of Companies Applying for Smart Jobs Grants	595	600
Total, Goal B: BUSINESS DEVELOPMENT	\$ 68,025,885	\$ 10,827,376
C. Goal: INDIRECT ADMINISTRATION		
C.1.1. Strategy: CENTRAL ADMINISTRATION	\$ 1,914,455	\$ 1,914,455
C.1.2. Strategy: INFORMATION RESOURCE		
TECHNOLOGIES	\$ 400,887	\$ 400,887
C.1.3. Strategy: OPERATING/SUPPORT	\$ 387,279	\$ 387,279
Total, Goal C: INDIRECT ADMINISTRATION	\$ 2,702,621	\$ 2,702,621
Grand Total, TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT	\$ 89,829,098	\$ 32,766,251
Method of Financing:		
<u>General Revenue Fund</u>		
General Revenue Fund	\$ 5,131,119	\$ 4,146,111
Earned Federal Funds	178,173	178,173
GR - Hotel Occupancy Tax Deposits Account No. 5003	20,103,327	20,238,989
Subtotal, General Revenue Fund	<u>\$ 25,412,619</u>	<u>\$ 24,563,273</u>
GR Dedicated - Capital Access Account No. 5035	5,536,094	239,900
Department of Commerce Federal Fund No. 596	5,584,610	5,584,610
<u>Other Funds</u>		
Appropriated Receipts	423,748	423,748
Interagency Contracts	398,720	398,720
Texas Leverage Program Fund No. 851	56,000	56,000
Smart Jobs Fund	52,417,307	1,500,000
Subtotal, Other Funds	<u>\$ 53,295,775</u>	<u>\$ 2,378,468</u>
Total, Method of Financing	\$ 89,829,098	\$ 32,766,251
Number of Full-Time-Equivalent Positions (FTE):	178.5	178.5
Schedule of Exempt Positions:		
Executive Director, Group 4	\$112,352	\$112,352
Supplemental Appropriations Made in Riders:	\$ 3,458,240	\$ 1,315,500

1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to

TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT
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the provisions of § 1232.103, Government Code. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under “Acquisition of Information Resource Technologies” may be used to lease information resources hardware and/or software versus the purchase of information resources hardware and/or software, if determined by agency management to be in the best interest of the State of Texas.

	<u>2002</u>	<u>2003</u>
a. Acquisition of Information Resource Technologies		
(1) Acquisition of Computer Equipment	\$ 73,593	\$ 73,593
Total, Capital Budget	<u>\$ 73,593</u>	<u>\$ 73,593</u>

Method of Financing (Capital Budget):

Appropriated Receipts	\$ 16,093	\$ 16,093
Smart Jobs Fund	20,000	20,000
GR - Hotel Occupancy Tax Deposits Account No. 5003	<u>37,500</u>	<u>37,500</u>
Total, Method of Financing	<u>\$ 73,593</u>	<u>\$ 73,593</u>

2. **Appropriation: Texas Leverage Program Fund.** All balances on hand on August 31, 2001, estimated to be \$1,842,740, interest paid, investment earnings, and fees received in the Texas Leverage Program Fund No. 851 during the 2002–03 biennium, are hereby appropriated to the Department of Economic Development for the biennium beginning September 1, 2001, for the purposes of implementation and administration of Chapter 481, Government Code relating to business development (estimated to be \$1,243,000 in 2002 and \$1,243,000 in 2003).
3. **Appropriation: Fees.** All fees that the Texas Department of Economic Development is authorized to collect are hereby appropriated for the specific purpose named in statute for the biennium beginning September 1, 2001.
4. **Appropriation: Texas Small Business Industrial Development Corporation.** The Texas Department of Economic Development shall review the financial statements of the Texas Small Business Industrial Development Corporation to determine the net earnings of the Corporation, and shall make such determination no later than January 1, 2002, and January 1, 2003. The Department shall ensure that the net earnings, of an amount not to exceed \$75,000 shall be transferred to a special fund in the State Treasury during each fiscal year of the 2002–03 biennium to be used to finance activities of Strategy B.2.1, Incentives and Tools. Any net earnings in excess of \$150,000 for the 2002–03 biennium shall be deposited into the General Revenue Fund and 25 percent of that amount over \$150,000 is appropriated to Strategy B.2.1, Incentives and Tools, of the Department of Economic Development for administration of small and minority business finance programs.
5. **Administration: Foreign Offices.**
- a. It is the intent of the Legislature that the Texas Department of Economic Development provide services to develop trade investment and tourism in strategic world markets with specific emphasis to benefit small businesses in the State of Texas. Offices may be operated in Mexico and in other foreign markets including Canada, Europe, the Pacific Rim, and Latin America coinciding with market opportunities for Texas business. The offices shall be named the "State of Texas Office" and their services shall be available to other state agencies through interagency contracts. Foreign office trade investment and tourism development efforts, as well as location of the offices, shall be based on analysis of the current world market opportunities. The department shall expend funds for the Mexico

TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT

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offices out of any funds available, but shall not expend any funds appropriated under this Act for any office or staff at any other foreign offices established by the department. The department may seek and use alternative funding sources other than funds appropriated under this Act for offices in locations other than Mexico City.

- b. The Department of Economic Development shall maintain a tracking system that documents the direct benefits that result from the operation of each foreign office. The department shall utilize the tracking system to file a quarterly report with the Governor and the Legislative Budget Board regarding the activities of each office. The report shall contain, at a minimum, information detailing the number of contacts with foreign and domestic businesses, the name of each business, the nature of the contact, the results of each contact, and expenditures by each office. The report shall also contain the name of each Texas community assisted, and information regarding the nature and results of the assistance. Each report shall be submitted within 60 days of the end of each quarter, and must be accompanied by supporting documentation as specified by the Legislative Budget Board and the Governor.
6. **Unexpended Balance: Dedicated Hotel/Motel Tax Revenue.** Any unexpended balances as of August 31, 2002, in the appropriations of the amounts specified above in the method of financing out of the dedicated Hotel/Motel tax are hereby appropriated for fiscal year 2003 for the same purposes.
7. **Appropriation: Licensing and Merchandising Fees.** All fees that the Texas Department of Economic Development Tourism Division is authorized to collect pursuant to Texas Government Code § 481.021 (a) (7), estimated to be \$35,000 per year, are hereby appropriated to the department for the biennium beginning September 1, 2001, to be used for tourism advertising and marketing activities of the department.
8. **Transfer: Promotion of Historical Sites.** From the amounts appropriated above in Strategy A.1.1, Market Texas Travel, the Texas Department of Economic Development, pursuant to Texas, Government Code § 481.172, shall transfer \$300,000 during the biennium beginning September 1, 2001, to the Texas Historical Commission to encourage travel to the state's historical attractions.
9. **Contingency Appropriation: Business Assistance Programs.** The Texas Department of Economic Development is hereby appropriated out of the Rural Economic Development Account 425 an amount not to exceed \$300,000 for the biennium beginning September 1, 2001, for the purpose of honoring guaranties against defaults for the Rural Economic Development Program.

None of the funds appropriated above may be expended by the Department of Economic Development unless the Department of Economic Development Board files a finding of fact with the Governor's Office of Budget and Planning, Comptroller of Public Accounts, and the Legislative Budget Board, and neither office issues a written disapproval within 45 days of receipt of the finding of fact.
10. **Defense Infrastructure Support.** It is the intent of the Legislature that the Department of Economic Development prepare an annual Master Plan of how the department shall support the defense infrastructure of the Texas economy. The plan shall contain at a minimum, information detailing the department's proactive strategy for providing support to the Texas defense industry, how the strategy will be implemented, what results shall be achieved and how shall the results be measured and evaluated. The plan shall be made available to the Legislature at the beginning of each fiscal year. In addition, the department shall prepare a quarterly statement detailing the economic impact of the defense industry (military and civilian) on the Texas economy.

TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT
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- 11. **Capital Access Account 5035.** The appropriations above in the Capital Access Account 5035 includes all interest paid on money in the account, fees received during the 2002–03 biennium and all authorized earning from unexpended balances in the account, as authorized by VTCA, Government Code § 481.402, estimated to be \$400,000 during 2002 for the purposes of implementation and administration of the Capital Access Program.
- 12. **Dedicated Hotel/Motel Tax Expenditures.** Of the amounts appropriated above out of the dedicated Hotel/Motel tax, the Department of Economic Development shall use no more than \$5,255,016 in 2002 and \$5,276,541 in 2003 for expenditures other than Advertising Services (Object Code 7281).
- 13. **Office or Rural Affairs Memorandum of Understanding.** Out of the General Revenue Funds appropriated above in Strategy, B.1.1, Market Texas, the amount of \$53,153 in each fiscal year shall not be expended unless a Memorandum of Understanding has been signed by the Department of Agriculture and the Department of Economic Development for the purpose of maintaining a statewide economic development program for rural areas during the 2002–03 biennium. The Memorandum of Understanding, to be effective September 1, 2001, shall specify the duties and responsibilities of each agency, including joint reporting requirements for all program-related performance measures. A copy of the signed Memorandum of Understanding shall be sent to the Legislative Budget Board, the Governor’s Office, and the Comptroller of Public Accounts.

The Memorandum of Understanding shall also reflect the cooperative agreement to be reached by the two agencies regarding implementation of the Agritech Corridor Partnership.

Contingent upon the award of additional federal funds in the amount of \$250,000 to extend planning or implementation grant activities of the Agritech Corridor Partnership or a similar project, the following key measures are established and targets shall be set by the Texas Department of Agriculture, Texas Department of Economic Development, the Legislative Budget Board and the Governor’s Office:

- Outcome: Annual percentage increase in value added processing output in the Agritech Corridor
- Output: Number of new sources of funding identified by the Texas Department of Agriculture and/or the Texas Department of Economic Development to help rural communities in the Agritech Corridor implement work plans
- Output: Number of non-agricultural economic diversification projects for the corridor initiated with assistance from the Texas Department of Agriculture and/or the Texas Department of Economic Development
- Output: Number of businesses developed as expansion/recruitment prospects in the Agritech Corridor

- 14. **Texas Capital Fund.** All grants awarded by the Texas Department of Economic Development for infrastructure development and real estate development under the federal Community Development Block Grant Program shall be approved by the governing board of the Texas Department of Economic Development with a priority on assisting manufacturers and value-added processors. To the greatest extent practicable, these funds are to be distributed equitably to all regions of this state.
- 15. **Appropriations Limited to Revenue Collections.** Fees collected from the sale of Department of Economic Development license plates as authorized by VTCA, Transportation Code, § 502.2733, estimated to be \$37,500 per year are hereby appropriated to the Department

TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT

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of Economic Development. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available. All license plate fees deposited in excess of \$37,500 per year are hereby appropriated for the 2002–03 biennium to the Department of Economic Development with the provisions of VTCA, Government Code § 481.172.

16. **Coordination of Spaceport Initiatives.** It is the intent of the Legislature that the Texas Aerospace Commission, the Texas Department of Economic Development, and the Texas Department of Transportation coordinate their efforts and spending related to establishing a reusable launch facility or Spaceport. These agencies shall develop, maintain, and adhere to a memorandum of understanding by January 1, 2002, that details the specific responsibilities of each agency and continues to provide interagency coordination and support to achieve the objective of establishing a Spaceport.
17. **Reimbursement of Advisory Committee Members.** Pursuant to VTCA, Government Code § 2110.004 and out of funds appropriated above, reimbursement of advisory committee members from funds appropriated to the Texas Department of Economic Development is limited to the following: Texas Strategic Military Planning Commission Advisory Committee.
18. **Community Development Grants.** Out of funds appropriated above to the department from Capital Access Account No. 5035, the department shall expend \$250,000 per year to make grants to eligible community development financial institutions to make grants or loans in distressed areas of the state.
19. **Cash Flow Contingency.** Contingent upon the receipt of Hotel/Motel tax collections by the Comptroller of Public Accounts, the department may temporarily utilize additional Hotel/Motel allocations from the general revenue fund into Account 5003 in an amount not to exceed \$2 million per fiscal year. These funds shall be utilized only for the purpose of temporary cash flow needs when expenditures for tourism marketing exceed monthly Hotel/Motel tax revenue received. The transfer and reimbursement of funds shall be made under procedures established by the Comptroller of Public Accounts to ensure all borrowed funds are reimbursed by the department to the general fund on or before August 31 of each fiscal year.
20. **Unexpended Balances, Smart Jobs Fund.** Any unexpended balances as of August 31, 2002, in the appropriations of the amounts specified above in the method of financing out of the dedicated Smart Jobs Fund are hereby reappropriated for fiscal year 2003 for the same purposes.
21. **Sunset Contingency.** Funds appropriated above for fiscal year 2003 for the Texas Department of Economic Development are made contingent on the continuation of the Texas Department of Economic Development by the Legislature. In the event the agency is not continued, the funds appropriated for fiscal year 2002 or as much thereof as may be necessary are to be used to provide for the phaseout of agency operations and the transfer of agency programs to other agencies. Any funds and full-time-equivalent positions from the Texas Department of Economic Development are hereby appropriated to the following receiving agencies for the biennium beginning September 1, 2001:

Goal A - Tourism

Strategy A.1.1, Market Texas Travel - Office of the Governor

Goal B - Business Development

Strategy B.1.1, Market Texas - Office of the Governor

TEXAS DEPARTMENT OF ECONOMIC DEVELOPMENT
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- Strategy B.1.2, Provide Data - Comptroller of Public Accounts
- Strategy B.2.1, Incentives and Tools - Office of Rural and Community Affairs*
- Strategy B.2.2, Workforce Incentives - Texas Workforce Commission

Indirect administration and support costs shall be appropriately allocated and transferred with their corresponding strategies. The department shall notify the Legislative Budget Board and the Governor 30 days prior to the transfers. The notification shall identify funding amounts (including method of finance), affected strategies, riders, and capital budget authority. On the effective date of this Act, all powers, duties, obligations, rights, contracts, records, employees, property, and unspent and unobligated appropriations and other funds of the Texas Department of Economic Development that are used by that agency on the effective date of this Act are transferred to the designated agencies as listed above. All rules, policies, procedures, and decisions that affect the agency programs are continued in effect until superseded by a rule or other appropriate action by the designated agency listed above. Any action or proceeding before the Texas Department of Economic Development relating to its programs is to be transferred without change in status to the designated agency, and the designated agency assumes, without change in status, the position of the Texas Department of Economic Development in any action or proceeding relating to the programs to which the Texas Department of Economic Development is a party.

*The transfer to the Office of Rural and Community Affairs is contingent on the enactment of House Bill 7 or similar legislation. In the event House Bill 7 or similar legislation is not enacted, the transfer shall be made to the Office of the Governor.

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

	For the Years Ending	
	August 31,	August 31,
	2002	2003
A. Goal: AFFORDABLE HOUSING		
To increase and preserve the availability of safe, decent, and affordable housing for very low, low and moderate income persons and families.		
Outcome (Results/Impact):		
Percent of Households/Individuals of Very Low, Low, and Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	1%	1%
Percent of Households/Individuals of Very Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	.7%	.7%
Percent of Households/Individuals of Low Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	1.7%	1.7%
Percent of Households/Individuals of Moderate Income Needing Affordable Housing That Subsequently Receive Housing or Housing-related Assistance	.5%	.5%
A.1.1. Strategy: HOUSING TRUST FUND	\$ 6,369,862	\$ 6,329,127
Provide state housing loans and grants through the Housing Trust Fund for very low and low income households.		
Output (Volume):		
Projected Number of Very Low and Low Income Households Benefiting from Housing Trust Fund Loans and Grants	1,390	1,390
A.1.2. Strategy: HOME PROGRAM	\$ 36,036,203	\$ 36,002,999
Provide federal housing loans and grants through the HOME Investment Partnership (HOME)		

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
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Program for very low and low income families, focusing on the construction of single family and multifamily housing units in rural areas of the state through partnerships with the private sector.

Output (Volume):

Projected Number of Very Low and Low Income Households
Benefiting from HOME Investment Program Loans and Grants 2,106 2,106

A.1.3. Strategy: SECTION 8 RENTAL ASSISTANCE \$ 7,827,023 \$ 7,830,398
Provide federal rental assistance through Section 8 certificates and vouchers for the very low income households.

Output (Volume):

Number of Very Low Income Households Receiving Section 8
Certificates and Vouchers 2,200 2,200

A.1.4. Strategy: FEDERAL TAX CREDITS \$ 1,309,438 \$ 1,340,481
Provide federal tax credits to develop rental housing for very low and low income households.

Output (Volume):

Number of Rental Units Projected to Be Set Aside for Very
Low and Low Income Households as a Result of Federal Tax
Credits Provided through TDHCA 6,050 6,100

Explanatory:

Number of Federal Tax Credit Allocations Made by TDHCA 60 65

A.1.5. Strategy: MRB PROGRAM - SINGLE FAMILY \$ 1,981,855 \$ 1,759,733
Provide federal mortgage loans, through the department's Mortgage Revenue Bond (MRB) Program, which are below the conventional market interest rates to very low, low, and moderate income homebuyers.

Output (Volume):

Number of Very Low and Low Income Households That
Received Loans through the MRB Program 1,190 1,260

Number of Moderate Income Households That Received Loans
through the MRB Program 510 600

A.1.6. Strategy: MRB PROGRAM-MULTIFAMILY \$ 253,712 \$ 256,884

Provide federal mortgage loans through the department's Mortgage Revenue Bond (MRB) program for the acquisition, rehabilitation, construction and preservation of multifamily rental units for very low, low and moderate income families.

Output (Volume):

Number of Multifamily Rental Units Acquired,
Rehabilitated, Constructed or Preserved through the MRB
Program 1,100 1,100

Total, Goal A: AFFORDABLE HOUSING \$ 53,778,093 \$ 53,519,622

B. Goal: COMMUNITY DEVELOPMENT

To better Texas communities by supporting community and economic development and by helping local governments to become more effective.

Outcome (Results/Impact):

Percent of the Small Communities' Population Benefitting
from Public Facility, Economic Development, Housing
Assistance, and Planning Projects 33% 33%

Percent of CDBG-eligible Colonia Areas Receiving Technical
Assistance from the Field Offices 100% 100%

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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B.1.1. Strategy: TRAIN LOCAL OFFICIALS	\$	310,274	\$	309,566
Administer a state program providing information, advice and training to officials of communities of less than 10,000 people.				
Output (Volume):				
Number of City and County Officials Trained		1,700		1,700
B.2.1. Strategy: DEVELOPMENT PROJECTS GRANTS	\$	84,306,263	\$	84,331,230
Maintain a competitive application process to distribute HUD federal funds that gives priority to basic human need projects (water, sewer, and housing), funds economic development projects that create or retain jobs, and provides ongoing technical assistance, monitoring and contract management to ensure that needs of persons to be served are met.				
Output (Volume):				
Number of New Community and Economic Development Contracts Awarded Annually		316		316
Number of Projected Beneficiaries from Community and Economic Development Projects - New Contracts Awarded Annually		450,000		450,000
Number of On-site Technical Assistance Visits Conducted Annually		400		400
Number of Programmatic Monitoring Visits Conducted Annually		300		300
B.2.2. Strategy: COLONIA SERVICE CENTERS	\$	<u>559,665</u>	\$	<u>567,855</u>
To provide technical assistance to colonias through field offices.				
Output (Volume):				
Number of On-site Technical Assistance Visits Conducted Annually from the Field Offices		410		410
Total, Goal B: COMMUNITY DEVELOPMENT	\$	<u>85,176,202</u>	\$	<u>85,208,651</u>

C. Goal: POOR AND HOMELESS PROGRAMS

Improve living conditions for the poor and homeless and reduce the cost of home energy for very low income Texans.

Outcome (Results/Impact):				
Percent of Persons in Poverty That Received Homeless and Poverty Related Assistance		13.3%		13.3%
Percent of Very Low Income Households Receiving Energy Assistance		4.1%		4.1%
C.1.1. Strategy: POVERTY-RELATED FUNDS	\$	30,029,660	\$	29,988,992
Administer homeless and poverty-related funds through a network of community action agencies and other local organizations so that poverty-related services are available to very low income persons throughout the state.				
Output (Volume):				
Number of Persons Assisted through Homeless and Poverty-related Funds		420,000		420,000
Number of Persons Assisted That Achieve Incomes above Poverty Level		650		650
Number of Shelters Assisted		60		60
C.2.1. Strategy: ENERGY ASSISTANCE PROGRAMS	\$	<u>34,708,504</u>	\$	<u>38,268,516</u>
Administer the state energy assistance programs by providing grants to local organizations for energy related improvements to dwellings occupied by very low income persons and for assistance to very low income households for heating and cooling expenses and energy-related emergencies.				

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
(Continued)

Output (Volume):		
Number of Households Assisted through the Comprehensive Energy Assistance Program	46,404	47,241
Number of Dwelling Units Weatherized by the Department	4,621	5,319
Total, Goal C: POOR AND HOMELESS PROGRAMS	\$ 64,738,164	\$ 68,257,508

D. Goal: ENSURE COMPLIANCE
Ensure compliance with Texas Department of Housing and Community Affairs federal and state program mandates.

Outcome (Results/Impact):		
Percent of Multifamily and/or Single Family Rental Properties Monitored Annually	100%	100%
Percent of Federally-funded Sub-recipients Monitored Annually	100%	100%
D.1.1. Strategy: REVIEW PROPERTY DOCUMENTS	\$ 2,390,568	\$ 1,947,926
To review housing property documents to ensure long-term affordability standards.		
Output (Volume):		
Number of On-site Reviews Conducted	597	628
Explanatory:		
Total Number of Units Administered	141,750	148,838
D.1.2. Strategy: REVIEW FINANCIAL DOCUMENTS	\$ 899,313	\$ 899,313
Review the financial documents of sub-recipients of federal and state grants/loans for financial accountability and fiscal responsibility.		
Output (Volume):		
Number of On-site Financial Reviews Conducted	644	644
Number of Single Audit Reviews Conducted	250	250
Explanatory:		
Number of Sub-recipients Funded by TDHCA	1,900	1,900
Total, Goal D: ENSURE COMPLIANCE	\$ 3,289,881	\$ 2,847,239

E. Goal: MANUFACTURED HOUSING
To protect the public by regulating the manufactured housing industry in accordance with state and federal laws.

Outcome (Results/Impact):		
Percent of Consumer Complaint Inspections Conducted within 30 Days of Request	98%	98%
E.1.1. Strategy: TITLING AND LICENSING	\$ 757,246	\$ 766,969
Provide titling and licensing services in a timely and efficient manner.		
Output (Volume):		
Number of Manufactured Housing Titles Issued	120,000	120,000
Number of Licenses Issued	6,100	6,100
Explanatory:		
Number of Manufactured Homes Titled in Texas	800,000	850,000
E.1.2. Strategy: INSTALLATION INSPECTIONS	\$ 1,751,131	\$ 1,773,615
Conduct installation inspections of manufactured homes in a timely and efficient manner.		
Output (Volume):		
Number of Routine Installation Inspections Conducted	17,500	17,500
Explanatory:		
Number of Installation Reports Received	52,000	52,000
E.1.3. Strategy: ENFORCEMENT	\$ 2,224,410	\$ 2,252,970
To process consumer complaints, conduct investigations, and take administrative actions to protect the general public and consumers.		
Output (Volume):		
Number of Complaints Resolved	2,000	2,000

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
(Continued)

Efficiencies:		
Average Number of Days for Complaint Resolution	220	220
Explanatory:		
Number of Jurisdictional Complaints Received	1,900	1,900
Total, Goal E: MANUFACTURED HOUSING	\$ 4,732,787	\$ 4,793,554
F. Goal: INDIRECT ADMIN AND SUPPORT COSTS		
Indirect administrative and support costs.		
F.1.1. Strategy: CENTRAL ADMINISTRATION	\$ 5,966,871	\$ 5,908,111
F.1.2. Strategy: INFORMATION RESOURCE TECHNOLOGIES	\$ 1,163,650	\$ 1,180,705
F.1.3. Strategy: OPERATING/SUPPORT	\$ 584,481	\$ 591,960
Total, Goal F: INDIRECT ADMIN AND SUPPORT COSTS	\$ 7,715,002	\$ 7,680,776
Grand Total, DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS	\$ 219,430,129	\$ 222,307,350
Method of Financing:		
<u>General Revenue Fund</u>		
General Revenue Fund	\$ 10,806,458	\$ 10,944,312
Earned Federal Funds	1,569,021	1,495,908
General Revenue (System Benefit Fund)	7,178,000	10,767,000
Subtotal, General Revenue Fund	<u>\$ 19,553,479</u>	<u>\$ 23,207,220</u>
Community Affairs Federal Fund No. 127	185,125,588	185,124,754
<u>Other Funds</u>		
Appropriated Receipts	13,251,062	12,475,376
Interagency Contracts	1,500,000	1,500,000
Subtotal, Other Funds	<u>\$ 14,751,062</u>	<u>\$ 13,975,376</u>
Total, Method of Financing	\$ 219,430,129	\$ 222,307,350
Number of Full-Time-Equivalent Positions (FTE):	374.0	374.0
Schedule of Exempt Positions:		
Executive Director, Group 4	\$112,352	\$112,352
Supplemental Appropriations Made in Riders:	\$ 300,000	\$ 300,000

1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to Government Code § 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software versus the purchase of information resources hardware and/or software, if determined by agency management to be in the best interest of the State of Texas.

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
(Continued)

	<u>2002</u>	<u>2003</u>
a. Acquisition of Information Resource Technologies		
(1) Normal Growth/Integrated Systems	730,158	555,764
(2) Compliance Monitoring Tracking System/Centralized Database	399,000	99,000
(3) Loan Production and Servicing Software	305,000	0
(4) Peoplesoft Accounting System	<u>\$ 180,000</u>	<u>\$ 60,000</u>
 Total, Acquisition of Information Resource Technologies	 <u>\$ 1,614,158</u>	 <u>\$ 714,764</u>
 Total, Capital Budget	 <u><u>\$ 1,614,158</u></u>	 <u><u>\$ 714,764</u></u>

Method of Financing (Capital Budget):

General Revenue Fund	\$ 285,046	\$ 150,399
Community Affairs Federal Fund No. 127	124,921	109,669
Appropriated Receipts	1,159,718	415,393
Earned Federal Funds	<u>44,473</u>	<u>39,303</u>
 Total, Method of Financing	 <u><u>\$ 1,614,158</u></u>	 <u><u>\$ 714,764</u></u>

2. **Reporting Requirements.** Within 90 days following the conclusion of a contract issued by the Texas Department of Housing and Community Affairs or, at the option of the contracting party, within 90 days following the conclusion of the contracting party's fiscal year during which a contract was in force, the contracting party shall provide to the Executive Director a full accounting of state funds expended under the terms of the contract. This requirement shall be a part of any contract entered into by the department and contracting entities. Failure of a contracting party to provide full accounting of state funds expended under the terms of any contract under the conditions stated above shall be sufficient reason to terminate that contract and for the department to deny any future contracts to that contracting party.
3. **Housing Assistance.** The housing finance division shall adopt an annual goal to apply no less than \$30,000,000 of the division's total housing funds toward housing assistance for individuals and families in which the annual family income does not exceed the following amounts based on the number of persons in the family:

Number of Persons in the family	Maximum annual Income
1 Person	\$13,000
2 Persons	\$16,000
3 Persons	\$17,000
4 Persons	\$19,000
5 Persons	\$21,000

For each additional person add \$1,500. No less than 20 percent of the division's total housing funds shall be spent for individuals and families earning between 31 percent and 60 percent of median family income. In those counties where the median family income is lower than the state average median family income, the department shall use the average state median income in interpreting this rider. The department shall provide a quarterly report to the Legislative Budget Board documenting its expenditures in each income category.

4. **Coordination with Texas Water Development Board.** The Texas Department of Housing and Community Affairs (TDHCA) and the Texas Water Development Board (TWDB) shall continue to coordinate funds as outlined in a Memorandum of Understanding (MOU) so as to assure that none of the funds appropriated above are expended in a manner that aids the

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

(Continued)

proliferation of colonias or are otherwise used in a manner inconsistent with the intent of the Economically Distressed Areas Program (EDAP) operated by the Texas Water Development Board (TWDB); and maximize delivery of the funds and minimize administrative delay in their expenditure. The MOU shall be amended, if necessary, prior to the distribution of the Colonia Fund in fiscal years 2002 and 2003. In distributing funds out of the Colonia Fund, the TDHCA shall provide top funding priority to those projects that are in EDAP-funded areas and which assist colonia residents who cannot afford the cost of service lines, hook-ups, and plumbing improvements associated with being connected to an EDAP-funded system. None of the funds appropriated above for Strategy B.2.1, Development Projects Grants, may be expended in EDAP-eligible counties that have not adopted, or are not enforcing, the Model Subdivision Rules established pursuant to § 16.343 of the Water Code. No later than September 15, 2002, the TDHCA and the TWDB shall submit a joint report to the Legislative Budget Board that describes and analyzes the effectiveness of projects funded as a result of coordinated Colonia Fund/EDAP efforts including an estimate of the amount each agency has saved by reduced duplication of efforts.

5. **Reimbursement of Advisory Committee Members.** Pursuant to VTCS, Government Code § 2110.004, reimbursement of expenses for advisory committee members, out of funds appropriated above, is limited to the following advisory committees:

Texas Weatherization Policy Advisory Council
State Interagency Council for the Homeless
Consolidated Plan/State Low Income Housing Plan Committee
State Community Development Review Committee
Colonia Residents Advisory Committee
Colonia Advisory Committee

6. **Local Site Visits.** From monies appropriated above, when the Texas Department of Housing and Community Affairs receives a letter from the mayor or county judge of an affected city or county opposing an application for a federal tax incentive to develop rental housing, a site visit by an employee of the Texas Department of Housing and Community Affairs with the mayor or county judge or their designated representative shall take place within 30 days following notification. The site visit must occur before the incentive can be approved. The Texas Department of Housing and Community Affairs is authorized to obtain reimbursement from the applicant for a federal tax incentive for necessary travel and expenses at a rate not to exceed the federally authorized rate.
7. **Low/Moderate Income Housing Construction.** Out of the funds appropriated above, not less than \$500,000 each year of the biennium shall be expended on low/moderate income housing construction in enterprise zone areas.
8. **Low Income Assistance: Scoring Criteria.** It is the intent of the Legislature that the department add to its contract award scoring criteria for the construction, acquisition, or rehabilitation of single and multi-family housing, and for the operation of multi-family housing, a system that gives increased points for comprehensive services to low-income citizens, such as case management, home-buyer assistance, and family budgeting. The department is also encouraged to develop a sliding scale fee schedule for the low-income tax credit program and the 501c(3) bond program to encourage increased participation by non-profit entities such as community development housing organizations.

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

(Continued)

9. **Limitation on Expenditure.** Under Strategy A.1.4, Federal Tax Credits, no funds shall be used for processing or approving applications for allocations unless the department adopts or amends administrative rules containing the following:
 - a. All representations made by an applicant for an allocation are enforceable by the department, including enforcement by administrative penalties for failure to perform as stated in the representations and enforcement by inclusion in deed restrictions to which the department is a party.
 - b. The department shall inspect all construction for quality during the construction process while defects can reasonably be corrected.
 - c. A general contractor hired by an applicant or an applicant, if the applicant serves as general contractor, must demonstrate a history of constructing similar types of housing without the use of federal tax credits.
 - d. The department shall give notice of a proposed project to the state representative and senator representing the area where a project would be located. The state representative or senator may hold a community meeting at which the department shall provide appropriate representation.
 - e. The department shall allocate credits among as many different entities as practicable without diminishing the quality of the housing that is built.
10. **Appropriation: Manufactured Homeowner Consumer Claims.** In addition to appropriations in Goal E, Manufactured Housing, the Department of Housing and Community Affairs is appropriated an amount, not to exceed \$50,000 per year for the biennium, required for the purpose of paying manufactured housing consumer claims according to VTCS, Article 5221f, from title transaction fees involving manufactured housing collected and deposited in the General Revenue Fund during the 2002–03 biennium.
11. **Appropriations Limited to Revenue Collections.** It is the intent of the Legislature that fees, fines, and other miscellaneous revenues as authorized and generated by the agency cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal E, Manufactured Housing, the cost of the appropriations required for manufactured housing consumer claims payments according to VTCS, Article 5221f, as well as the “other direct and indirect costs” associated with this goal, appropriated elsewhere in this Act. “Other direct and indirect costs” for Goal E, Manufactured Housing, are estimated to be \$921,641 for fiscal year 2002 and \$958,563 for fiscal year 2003. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.
12. **Mortgage Revenue Bond Program.** The Department of Housing and Community Affairs (TDHCA) shall operate the First-Time Homebuyer Mortgage Revenue Bond Program in a manner that maximizes the creation of very low-income single family housing by ensuring that at least thirty percent of the lendable bond proceeds are set aside for a period of one year for individuals and families at sixty percent and below the area median family income (AMFI), while assuring the highest reasonable bond rating. In an effort to facilitate the origination of single family mortgage loans to individuals and families at sixty percent and below the AMFI, the department shall utilize down payment and closing cost assistance or other assistance methods.
13. **Conversions of Executory Contracts.** Out of the funds appropriated above, the department shall spend not less than \$4,000,000 for the biennium for the sole purpose of contract

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

(Continued)

for deed conversions for families that reside in a colonia and earn 60 percent or less of the applicable area median family income. It is the intent of the Legislature that the department complete at least 400 contract for deed conversions by August 31, 2003.

14. **Administrative Allocation: Councils of Governments.** From the federal administrative monies made available to the department under the Community Development Block Grant Program, an amount equal to 19 percent of such monies shall be allocated to councils of government to continue staff support to the 24 Regional Review Committees of local elected officials appointed by the Governor.
15. **Appropriation: Housing Trust Fund Interest Earnings and Loan Repayments.** Interest earnings and loan repayments received from loans made through the Housing Trust Fund program from amounts appropriated out of the General Revenue Fund for Strategy A.1.1, Housing Trust Fund, estimated to be \$250,000 each year, are hereby appropriated to the Housing Trust Fund established under § 2306.201, Government Code, to be used for the same purpose.
16. **Unexpended Balances, Grants, and Contracts.** Any unexpended general revenue balances remaining in Strategy A.1.1, Housing Trust Fund, as of August 31, 2001, are appropriated to the same strategy as of September 1, 2001. Any funds from grants or contracts executed before September 1, 2002, or from prior fiscal years from Strategy A.1.1, Housing Trust Fund, subsequently returned to the Department of Housing and Community Affairs that are not expended for the same purpose as of August 31, 2002, are appropriated to Strategy A.1.1, Housing Trust Fund, as of September 1, 2002, for the same purposes. Beginning September 1, 2002, any funds from grants or contracts executed before September 1, 2003, or from prior fiscal years from Strategy A.1.1, Housing Trust Fund, subsequently returned to the Department of Housing and Community Affairs are appropriated to Strategy A.1.1, Housing Trust Fund, for the same purposes.
17. **Sunset Contingency.** Funds appropriated above for fiscal year 2003 for the Texas Interagency Council for the Homeless and the Texas State Affordable Housing Corporation are made contingent on the continuation of the Texas Department of Housing and Community Affairs by the Legislature. In the event that the agency is not continued, the funds appropriated for the fiscal year 2002 or as much thereof as may be necessary are to be used to provide for the phase out of agency operations.
18. **Colonia Advisory Committee.** Of the amounts appropriated above to the Department of Housing and Community Affairs in Strategy B.2.2. Colonia Service Centers, the amount of \$6,000 in fiscal year 2002 and the amount of \$6,000 in fiscal year 2003 is intended for the purpose of establishing a Colonia Advisory Committee to advise the Board on the needs of colonia residents and the effectiveness of the department's policies. The committee shall consist of one colonia resident, one representative of a nonprofit organization that serves colonia residents, one local government representative, one private-interest person in banking or land development, and one public member. All members would be appointed by the board and, with the exception of the public member, must reside within 150 miles of the Texas-Mexico border.
19. **Colonia Annual Assessment.** Of the amounts appropriated above to the Department of Housing and Community Affairs in Strategy B.2.2. Colonia Service Centers, the amount of \$10,000 in fiscal year 2002 and the amount of \$10,000 in fiscal year 2003 is intended for the purpose of developing an annual assessment of colonia resident needs and a biennial action plan to address the needs. The department shall collect information on the demand for contract for deed conversion, self-help housing, consumer education, and other colonia resident services in counties within 150 miles of the Texas-Mexico border. The Office of Colonia Initiatives should prepare a biennial action plan by January 1 of each fiscal year to list policy goals for its colonia programs, the strategies to meet the goals, and the expected outcomes.

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

(Continued)

20. **Contingent Revenue.** Of the amounts appropriated above to the Texas Department of Housing and Community Affairs in Strategy C.2.1. Energy Assistance Programs, the amounts of \$7,178,000 in fiscal year 2002 and \$10,767,000 in fiscal year 2003 in General Revenue (System Benefit Fund) are contingent on the Public Utility Commission's assessing a rate sufficient to generate the estimated needs of the System Benefit Fund. The Public Utility Commission, upon completion of necessary actions for the assessment, shall furnish copies of the Public Utility Commission's order and other information supporting the estimated revenues to be generated for the 2002–03 biennium to the Comptroller of Public Accounts. If the Comptroller finds the information sufficient to support the projection of revenues, a finding of fact to that effect shall be issued and the contingent appropriation shall be made available for the intended purpose.
21. **Ex Parte Contacts.** The Texas Department of Housing and Community Affairs shall draft and implement formal rules by January 1, 2002, which prohibit members of the board from having any ex parte contacts with any individual or company who has applied to the department for assistance, except as specifically authorized by statute or rule.
24. **Bond Refinancing.** The department shall transfer any funds acquired through refinancing of bonds to the Housing Trust Fund. The first \$3 million each fiscal year in savings from the refinancing of any bonds shall be used to fund mortgage loans under the Bootstrap Self-Help Housing Loan Program.
25. **Colonia Set-Aside Program Allocation.** The Texas Department of Housing and Community Affairs shall continue the Community Development Block Grant (CDBG) Colonia Set-Aside Program by allocating not less than 10 percent of the yearly allocation of CDBG funds for eligible activities to assist in providing for the housing, planning, and infrastructure needs in colonias. From this 10 percent yearly allocation, \$2,000,000 shall be reserved to provide financial assistance to units of general local government located in economically distressed areas as defined by § 17.921, Water Code, to pay for residential service lines, hookups, and plumbing improvements associated with being connected to a water supply or sewer service system, any part of which is financed under the economically distressed areas program established under Subchapter J, Chapter 16, Water Code and Subchapter K, Chapter 17, Water Code. The department by rule shall provide that an application for assistance under the program hereby authorized may be submitted after construction of the water supply or sewer service system begins. The department shall approve or disapprove a timely application before construction of the water supply or sewer service is completed in order to eliminate delay in connection once construction is completed. The department shall coordinate the application process with the Texas Water Development Board to avoid duplication of effort and the necessity for applicants to submit dual applications.

In addition, the department shall allocate 2.5 percent of the CDBG monies to support the operation of Self-Help Owner-Builder Housing Programs. In operating the Self-Help Owner-Builder Housing Program, the department shall provide \$2.5 million each year from any source available to the department except CDBG funds to fund the administration and operations of the Self-Help Owner Builder Housing Centers.

26. **Sunset Contingency.** Funds appropriated above for fiscal year 2003 for the Texas Department of Housing and Community Affairs are made contingent on the continuation of the Texas Department of Housing and Community Affairs by the Legislature. In the event the agency is not continued, the funds appropriated for fiscal year 2002 or as much thereof as may be necessary are to be used to provide for the phaseout of agency operations and the transfer of agency programs to other agencies. Any funds and full-time-equivalent positions from the Texas Department of Housing and Community Affairs are hereby appropriated to the following receiving agencies for the biennium beginning September 1, 2001:

DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
(Continued)

- Goal A - Affordable Housing
- Strategy A.1.1, Housing Trust Fund - Office of Rural and Community Affairs*
 - Strategy A.1.2, HOME Program - Office of Rural and Community Affairs*
 - Strategy A.1.3, Section 8 Rental Assistance - Health and Human Services Commission
 - Strategy A.1.4, Federal Tax Credits - Bond Review Board
 - Strategy A.1.5, MRB Program, Single Family - Bond Review Board
 - Strategy A.1.6, MRB Program, Multifamily - Bond Review Board

- Goal B - Community Development
- All Strategies - Office of Rural and Community Affairs*

- Goal C - Poor and Homeless Programs
- All Strategies - Office of Rural and Community Affairs*

- Goal D - Ensure Compliance
- All Strategies - Bond Review Board

- Goal E - Manufactured Housing
- All Strategies - Department of Licensing and Regulation

Indirect administration and support costs shall be appropriately allocated and transferred with their corresponding strategies. The department shall notify the Legislative Budget Board and the Governor 30 days prior to the transfers. The notification shall identify funding amounts (including method of finance), affected strategies, riders, and capital budget authority. On the effective date of this Act, all powers, duties, obligations, rights, contracts, records, employees, property, and unspent and unobligated appropriations and other funds of the Texas Department of Housing and Community Affairs that are used by that agency on the effective date of this Act are transferred to the designated agencies as listed above. All rules, policies, procedures, and decisions that affect the agency programs are continued in effect until superseded by a rule or other appropriate action by the designated agency listed above. Any action or proceeding before the Texas Department of Housing and Community Affairs relating to its programs is to be transferred without change in status to the designated agency, and the designated agency assumes, without change in status, the position of the Texas Department of Housing and Community Affairs in any action or proceeding relating to the programs to which the Texas Department Housing and Community Affairs is a party.

*Transfers to the Office of Rural and Community Affairs is contingent on the enactment of House Bill 7 or similar legislation. In the event House Bill 7 or similar legislation is not enacted, the transfer shall be made to the Office of the Governor.

TEXAS LOTTERY COMMISSION

	For the Years Ending	
	August 31,	August 31,
	2002	2003
A. Goal: OPERATE LOTTERY		
Efficiently operate a lottery that is self-supporting, revenue producing, and secure.		
Outcome (Results/Impact):		
Percent of Retailers Satisfied with Lottery Commission	80%	80%
State Revenue Received Per Advertising Dollar Expended	32	33

TEXAS LOTTERY COMMISSION
(Continued)

A.1.1. Strategy: LOTTERY OPERATIONS	\$	120,362,299	\$	118,263,365
License lottery retailers, maintain and monitor retailer accounts and collections; ensure vendor and retailer compliance with contracts and policies, and operate 24 claim centers; oversee payments on contracts to primary vendors for instant ticket manufacturing, vending machines, warehousing and distribution of instant scratch off tickets and other lottery retailing services.				
Output (Volume):				
Number of Retailer Business Locations Licensed		18,000		18,000
Efficiencies:				
Average Cost Per Retailer Location License Issued		127		134
A.1.2. Strategy: MARKETING, RESEARCH, AND PROMOTION	\$	9,551,658	\$	10,357,635
Determine the interests, opinions, awareness levels and purchase behaviors of adult Texans for the planning, development and implementation of effective games; educate players and provide opportunities to learn about lottery products; broadcast lottery drawings to ensure the integrity of the lottery's numbers games; communicate game information, marketing ideas and operational information to lottery retailers; recruit new retailers; measure retailer satisfaction with lottery operations and service.				
Output (Volume):				
Number of Surveys Issued to Retailers		76,099		76,099
Efficiencies:				
Average Cost Per Survey Issued		3.3		3.3
A.1.3. Strategy: ADVERTISING	\$	35,000,000	\$	35,000,000
Inform adult Texans by mass media (television, radio, newspaper, billboards), point-of-sale materials and merchandising regarding lottery games; provide consumers and retailers with notice of end-of-game dates; provide information regarding procurement opportunities for minority vendors.				
Output (Volume):				
Dollar Amount of Advertising Budget Spent on Television (Millions)		14,700,000		14,700,000
Efficiencies:				
Percentage of Adult Texans Aware of Lottery Advertising		60%		60%
A.1.4. Strategy: SECURITY	\$	3,971,322	\$	3,732,280
Protect and maintain the security and integrity of lottery games, systems and drawings; assure the physical security of all Commission operating sites; and investigate possible criminal and regulatory violations.				
Output (Volume):				
Number of Lottery Complaints Resolved		550		550
Efficiencies:				
Average Cost Per Complaint Resolved		135		135

TEXAS LOTTERY COMMISSION
(Continued)

A.1.5. Strategy: CENTRAL ADMINISTRATION Execute and support all functions of the Texas Lottery Commission through executive management, accounting, systems administration, information systems support, communications, legal services, purchasing support, budgeting and human resources.	\$ 11,692,627	\$ 11,491,075
Total, Goal A: OPERATE LOTTERY	\$ 180,577,906	\$ 178,844,355
B. Goal: ENFORCE BINGO LAWS Enforce regulations to ensure the fair conducting of bingo games to maximize distributions to authorized charities.		
Outcome (Results/Impact): Percent of Complaints Resulting in Disciplinary Action		
	10%	10%
B.1.1. Strategy: BINGO LAW ENFORCEMENT Conduct inspections and compliance audits of bingo licensees, initiate sanctions, and increase employee and licensee understanding of bingo laws through training and public education.	\$ 1,645,165	\$ 1,645,165
Output (Volume): Number of Bingo Complaints Resolved		
	342	342
Efficiencies: Average Cost Per Complaint Resolved		
	120	120
B.2.1. Strategy: BINGO LICENSING Process bingo applications in a timely manner and ensure eligibility of bingo applicants.	\$ 1,140,832	\$ 1,140,832
Output (Volume): Number of Licenses Renewed to Individuals and Organizations		
	2,000	2,000
Efficiencies: Average Cost Per Original License Issued		
	900	900
Total, Goal B: ENFORCE BINGO LAWS	\$ 2,785,997	\$ 2,785,997
Grand Total, TEXAS LOTTERY COMMISSION	<u>\$ 183,363,903</u>	<u>\$ 181,630,352</u>
Method of Financing: General Revenue Fund		
	\$ 2,785,997	\$ 2,785,997
GR Dedicated - Lottery Account No. 5025	<u>180,577,906</u>	<u>178,844,355</u>
Total, Method of Financing	<u>\$ 183,363,903</u>	<u>\$ 181,630,352</u>
Number of Full-Time-Equivalent Positions (FTE):	335.0	335.0
Schedule of Exempt Positions: Executive Director, Group 5		
	\$110,000	\$110,000

1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in the provision as appropriations either for “Lease Payments to the Master Equipment Purchase Program” or for items with an “(MLPP)” notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under “Acquisition of Information Resource Technologies” may be used to lease information resources hardware and/or software versus the

TEXAS LOTTERY COMMISSION
(Continued)

purchase of information resources hardware and/or software, if determined by commission management to be in the best interest of the State of Texas.

	<u>2002</u>	<u>2003</u>
a. Repair or Rehabilitation of Buildings and Facilities		
(1) Headquarters and Field Offices	\$ 120,000	\$ 120,000
b. Acquisition of Information Resource Technologies		
(1) Lottery System Hardware and Software	1,249,200	1,095,000
(2) Bingo System Hardware and Software	60,000	60,000
Total, Acquisition of Information Resource Technologies	<u>\$ 1,309,200</u>	<u>\$ 1,155,000</u>
c. Transportation Items		
(1) Security Vans and Equipment	0	30,000
d. Acquisition of Capital Equipment and Items		
(1) Other Capitalized Equipment	1,698,000	100,000
Total, Capital Budget	<u><u>\$ 3,127,200</u></u>	<u><u>\$ 1,405,000</u></u>

Method of Financing (Capital Budget):

General Revenue Fund	\$ 60,000	\$ 60,000
GR Dedicated - Lottery Account No. 5025	<u>3,067,200</u>	<u>1,345,000</u>
Total, Method of Financing	<u><u>\$ 3,127,200</u></u>	<u><u>\$ 1,405,000</u></u>

2. **Appropriation, Operate Lottery.** Pursuant to Government Code, Chapter 466, appropriations made to Goal A, Operate Lottery, shall not exceed twelve percent of the gross revenue from the sale of lottery tickets. This appropriation shall be used for the administration of the lottery and for retailer commissions.
3. **Appropriation, Payment of Prizes.** In addition to the amounts appropriated above for the administration of the Lottery and retailer commissions, there is hereby appropriated pursuant to Government Code, Chapter 466, out of the State Lottery Account in the General Revenue Fund, sufficient funds for the payment of prizes to the holders of winning tickets.
4. **Appropriation of Increased Revenues.** In addition to the amounts appropriated above, there is hereby appropriated pursuant to Government Code, Chapter 466, out of the State Lottery Account in the General Revenue Fund, an amount equal to 5 percent of the amount by which gross sales exceed \$2.603 billion in fiscal year 2002 and \$2.577 billion in fiscal year 2003 for the purpose of paying retailer commissions; and, there is hereby appropriated an amount equal to 3.67 percent of the amount by which gross sales exceed \$2.603 billion in fiscal year 2002 and an amount equal to the percentage contained in the contract to operate the lottery between the Lottery Commission and the lottery operator and an additional percentage adequate to pay instant ticket vendor obligations for fiscal year 2003 times the amount by which gross sales exceed \$2.577 billion in fiscal year 2003 for the purpose of fulfilling contractual obligations in administration of the Lottery.

TEXAS LOTTERY COMMISSION

(Continued)

5. **Compulsive Gambling Helpline.** Out of funds appropriated above in Strategy A.1.1, Lottery Operations, \$375,000 for each year of the biennium may be expended only for the purpose of offering assistance to compulsive gamblers to be provided by the Texas Commission on Alcohol and Drug Abuse through an interagency contract agreement.
6. **Limitation on Transfer Authority.** Funds appropriated above in Strategy A.1.3, Advertising, may be transferred into other items in the Lottery Commission appropriations, but none of the funds appropriated in other items may be transferred into Strategy A.1.3, Advertising.
7. **Limitation, Pooled Reserve Fund.** Pursuant to Government Code, Chapter 466, the Executive Director of the Texas Lottery Commission shall maintain balances in a pooled reserve fund to cover the potential loss of state revenue as a result of lottery retailer defaults. The Executive Director of the Texas Lottery Commission shall transfer all pooled reserve fund revenues and balances that exceed \$5 million to the Foundation School Fund No. 193 quarterly.
8. **Limitation: Out-of-Country, Out-of-State and In-State Travel.** Notwithstanding any other provisions included in this Act, it is the intent of the Legislature that the Texas Lottery Commission shall not be allowed to travel out-of-country, with the exception of travel to Mexico or Canada which is reimbursable by a third party. In addition, the Texas Lottery Commission shall not exceed amounts expended on out-of-state or in-state travel, for each fiscal year of the biennium, by an amount equal to 80 percent of travel expenditure amounts for fiscal year 1998.
9. **Appropriation, Local Bingo Prize Fees.** Out of bingo prize fees collected pursuant to the Texas Occupations Code, Chapter 2001, § 2001.504, the commission is hereby appropriated amounts for allocation to counties and municipalities as required by the Texas Occupations Code, Chapter 2001, § 2001.503.
10. **Appropriation, Limited to Revenue Collections.** It is the intent of the Legislature that fees, fines, and other miscellaneous revenues as authorized and generated by the operation of charity bingo cover, at a minimum, the cost of the appropriations made above for the strategy items in Goal B, Enforce Bingo Laws, as well as the “other direct and indirect costs” associated with this goal, appropriated elsewhere in this Act. “Other direct and indirect costs” for Goal B, Enforce Bingo Laws, are estimated to be \$519,154 for fiscal year 2002 and \$545,125 for fiscal year 2003. In the event that actual and/or projected revenue collections are insufficient to offset the costs identified by this provision, the Legislative Budget Board may direct that the Comptroller of Public Accounts reduce the appropriation authority provided above to be within the amount of revenue expected to be available.
11. **Petty Cash Fund Authorized.** The Texas Lottery Commission is authorized to establish a petty cash fund to be used by Commission employees for the purchase of evidence and/or information and other expenses deemed necessary for agency security and enforcement activities, including audits and expenses, incurred by auditing. The petty cash fund, not to exceed \$1,500, may be maintained in cash or at a local bank and shall be subject to such rules and regulations as the Executive Director may recommend and the Commission may adopt.
12. **Reimbursement of Advisory Committee Members.** Pursuant to Government Code § 2110.004, reimbursement of expenses for Advisory Committee Members, out of funds appropriated above, is limited to the following advisory committee: Bingo Advisory Committee.

(Continued)

- DEPARTMENT OF TRANSPORTATION**

A. Goal: TRANSPORTATION SERVICES & SYSTEMS

Outcome (Results/Impact):

Information System Condition Score	86%	86%
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Percent of Airport Needs Funded	47%	47%
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Percent Change in the Number of Public Transportation Trips	1.5%	1.5%
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Percent of Motor Vehicle Consumer Complaints Resolved	68%	68%
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Statewide Traffic Accident Fatality Rate (Deaths Per Million Miles Driven)	1.8	1.8
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Auto Theft Rate (Vehicles Per 100,000 Population)	457.2	431.6
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A.1.1. Strategy: PLAN / DESIGN / MANAGE	\$ 520,362,619	\$ 554,054,345
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Output (Volume):

Number of Construction Project Preliminary Engineering Plans Completed	1,175	1,192
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Dollar Volume of Construction Contracts Awarded in Fiscal Year (in Millions)	2,788	2,792
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Year (in Millions)	2,788	2,752
Number of Highway Construction Contracts Awarded	1,135	1,140

A.1.2. Strategy: RIGHT-OF-WAY ACQUISITION	\$ 226,694,873	\$ 226,694,874
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A.1.2. Strategy: RIGHT-OF-WAY ACQUISITION

Optimize timing of highway right-of-way

Optimize timing of highway right-of-way acquisition and utility adjustment.

Output (Volume):

Number of Parcels of Right-of-way Acquired on Schedule to Meet Contract Letting	1,870	1,900
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A.1.3. Strategy: HIGHWAY CONSTRUCTION	\$ 2,910,426,817	\$ 2,973,548,735
		& UB

Contract for the construction of the highway system and facilities. Estimated.

Output (Volume):

Number of New Location Lane Miles Contracted	216	221
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Number of New Location Lane Miles Contracted	218	221
Number of Lane Miles Contracted to Increase Capacity	1,252	1,273

Number of Lane Miles Contracted for Rehabilitation	7,873	8,008
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A.1.4. Strategy: CONTRACTED MAINTENANCE	\$ 514,381,947	\$ 566,754,733
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<p>Part II Strategy 99: CONTRASTED MAINTENANCE</p> <p> $\\$ 514,504,577$ $\\$ 508,754,755$ </p> <p>& UB</p>

Contract for highway maintenance program.

Output (Volume):

Number of Lane Miles Contracted for Asphaltic Seal Coat Surfacing	12,000	13,094
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Number of Lane Miles Contracted for Asphaltic Concrete Pavement Overlay	3,458	3,756
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DEPARTMENT OF TRANSPORTATION
(Continued)

A.1.5. Strategy: ROUTINE MAINTENANCE	\$	438,609,140	\$	451,261,119 & UB
Provide for routine maintenance and operation of the state highway system.				
Output (Volume):				
Number of Highway Lane-miles Resurfaced with Seal-coat		3,444		3,515
Number of Lane Miles Resurfaced with Overlays		3,898		3,885
A.1.6. Strategy: AVIATION SERVICES	\$	61,790,507	\$	61,851,652 & UB
Support and promote general aviation.				
Output (Volume):				
Number of Airports Selected for Financial Assistance		165		165
Efficiencies:				
Administrative and Support Costs as a Percent of Facility Grant Funds Expended		4%		4%
A.1.7. Strategy: PUBLIC TRANSPORTATION	\$	88,504,712	\$	11,260,702 & UB
Support and promote public transportation.				
Efficiencies:				
Administrative and Support Costs as Percent of State and Federal Grant Funds Expended		3.2%		3.2%
A.1.8. Strategy: GULF WATERWAY	\$	984,207	\$	832,820 & UB
Support the Gulf Intracoastal Waterway.				
A.1.9. Strategy: FERRY SYSTEM	\$	11,994,982	\$	10,212,522
Maintain and operate ferry systems in Texas.				
A.1.10. Strategy: REGISTRATION & TITLING	\$	68,691,836	\$	65,891,947
Administer the provisions of the motor vehicle registration and titling statutes.				
Output (Volume):				
Number of Registration Renewal Notices Mailed		17,620,421		18,200,278
Number of Vehicle Titles Issued		9,566,021		10,264,340
A.1.11. Strategy: VEHICLE DEALER REGULATION	\$	4,090,895	\$	4,120,025
Administer the provisions of the Texas Motor Vehicle Commission Code.				
Efficiencies:				
Average Number of Weeks for Complaint Resolution		21		21
A.1.12. Strategy: RESEARCH	\$	19,540,372	\$	21,526,735
Fund and participate with state-supported colleges and universities in research and development programs that can improve transportation operations.				
Efficiencies:				
Percent of Structure Research Recommendations Implemented		63%		63%
Percent of Pavement Design Research Recommendations Implemented		65%		65%
Percent of Traffic Operations Research Recommendations Implemented		80%		80%
Percent of NAFTA-related Research Recommendations Implemented		63%		63%
A.2.1. Strategy: TRAFFIC SAFETY	\$	19,278,881	\$	15,999,154 & UB
Identify problem areas and implement projects to reduce the number and severity of traffic accidents through the statewide traffic safety program.				
A.2.2. Strategy: TRAVEL INFORMATION	\$	18,882,027	\$	19,071,395
Support and promote tourism.				
A.3.1. Strategy: ADVERTISING / JUNKYARDS	\$	573,133	\$	584,703
Control the use of outdoor advertising signs, junkyards, and auto graveyards adjacent to transportation system.				

DEPARTMENT OF TRANSPORTATION
(Continued)

A.4.1. Strategy: AUTO THEFT PREVENTION	\$ 15,364,000	\$ 15,626,000
		& UB
Reduce the incidence of vehicle theft in Texas through prevention efforts and the support of motor vehicle theft laws.		
Efficiencies:		
Administrative and Support Costs for ATPA as a Percentage of Total Expenditures	6.3%	6.2%
Total, Goal A: TRANSPORTATION SERVICES & SYSTEMS	\$ 4,920,170,948	\$ 4,999,291,461
B. Goal: INDIRECT ADMINISTRATION		
B.1.1. Strategy: CENTRAL ADMINISTRATION	\$ 35,636,118	\$ 36,682,569
B.1.2. Strategy: INFORMATION RESOURCES	\$ 28,637,873	\$ 29,766,429
B.1.3. Strategy: OTHER SUPPORT SERVICES	\$ 39,692,307	\$ 37,125,242
B.1.4. Strategy: REGIONAL ADMINISTRATION	\$ 56,447,668	\$ 64,830,926
Total, Goal B: INDIRECT ADMINISTRATION	\$ 160,413,966	\$ 168,405,166
Grand Total, DEPARTMENT OF TRANSPORTATION	\$ 5,080,584,914	\$ 5,167,696,627
Method of Financing:		
General Revenue Fund	\$ 34,416,291	\$ 17,013,291
<u>General Revenue Fund - Dedicated</u>		
Texas Highway Beautification Account No. 071	573,133	584,703
TXDOT Turnpike Authority Account No. 5038	2,300,000	0
Subtotal, General Revenue Fund - Dedicated	\$ 2,873,133	\$ 584,703
Federal Funds	2,365,208,682	2,298,993,029
<u>Other Funds</u>		
State Highway Fund No. 006, estimated	2,677,276,808	2,850,295,604
Appropriated Receipts	310,000	310,000
Interagency Contracts	500,000	500,000
Subtotal, Other Funds	\$ 2,678,086,808	\$ 2,851,105,604
Total, Method of Financing	\$ 5,080,584,914	\$ 5,167,696,627
Number of Full-Time-Equivalent Positions (FTE):	14,726.0	14,726.0
Schedule of Exempt Positions:		
Executive Director, Group 6	\$155,000	\$155,000
Commissioner	(3) 15,914	(3) 15,914
Supplemental Appropriations Made in Riders:	\$ 100,820,000	\$ 35,000

1. **Capital Budget.** Notwithstanding the capital budget provisions in the General Provisions of this act, none of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. No additional funds may be transferred to the capital budget items listed below without first obtaining written approval from the Legislative Budget Board and the Governor. Amounts appropriated above and identified in this provision as appropriations either for “Lease payments to the Master Lease Purchase Program” or for items

(Continued)

	<u>2002</u>	<u>2003</u>
Out of the State Highway Fund No. 006:		
a. Acquisition of Land and Other Real Property	\$ 870,000	\$ 600,000 & UB
b. Construction of Buildings and Facilities	14,955,000	14,086,509 & UB
c. Repair or Rehabilitation of Buildings and Facilities	8,642,100	4,498,000 & UB
d. Acquisition of Information Resource Technologies	39,197,230	37,178,880 & UB
e. Transportation Items	22,540,469	22,916,116 & UB
f. Acquisition of Capital Equipment and Items	13,654,067	16,696,228 & UB
Total, Capital Budget	<u>\$ 99,858,866</u>	<u>\$ 95,975,733</u>

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DEPARTMENT OF TRANSPORTATION

(Continued)

receipts approximately sufficient to cover the costs incurred in the production and distribution of the magazine. In addition to funds appropriated above, the department is hereby appropriated to Strategy A.2.2, Travel Information, any magazine revenues generated above \$5,647,270 for the 2002 fiscal year and \$5,662,987 for the 2003 fiscal year. Funds may be utilized only for the purpose of magazine costs. The Department of Transportation may transfer to Strategy A.2.2., from revenue available from prior years subscription fees, in the event of unforeseen or unusual expenditures associated with the production costs of the Texas Highways Magazine. The Department of Transportation is hereby appropriated all revenue collected from the sale of promotional items as authorized by VACS, Article 6144e.

6. **Road Utility District Provision.** The Comptroller of Public Accounts is authorized to transfer to State Highway Fund No. 006 all receipts deposited in the General Revenue Fund pursuant to VTCA, Transportation Code, § 441.011. Such funds are hereby appropriated for the biennium beginning with the effective date of this act for the purpose of defraying the costs of hearing and processing Road Utility District petitions. Any balance remaining after defraying such costs may be used by the department for the maintenance and construction of highways.
7. **Hourly Wage Rates.** The Department of Transportation Commission is expressly authorized to determine the wage rates paid to hourly employees subject to the qualifications provided hereinafter; provided, however, that it is the intent of the Legislature that the commission, in carrying out its employee compensation policy, shall provide for a merit wage increase program for the department's hourly paid employees comparable to that authorized for its classified employees as provided by the General Provisions of this Act. It is provided further that it is the intent of the Legislature that such merit wage increase program for hourly paid employees be administered uniformly throughout the department, statewide, and as between administrative districts, and not be superseded by district administrative policy interpretation. In expending the funds appropriated herein, the department may award merit raises in varying amounts according to the nature of work performed or the job title held, provided such merit raises do not exceed the top step for a particular job as determined by the department.
8. **Holiday Pay Provision.** Notwithstanding other provisions of this bill, the Department of Transportation is authorized to grant compensatory time off or to pay hourly employees for work performed on official state holidays in addition to any applicable holiday pay.
9. **Compensatory Pay Provision.** In order to operate in the most economical manner, when inclement weather or other circumstances beyond the control of the department prevent construction or maintenance employees from performing their normal duties, the Department of Transportation is authorized to grant such employees time off with pay with the hours charged to the Compensatory Time Taken Account, provided that such advanced time must be repaid by the employee at a time, and in the most appropriate manner as determined by the department within the following twelve months or at termination, whichever is sooner.
10. **Standby Pay.** It is expressly provided that the Department of Transportation, to the extent permitted by law, may pay compensation for on-call time at the following rates: credit for one hour worked per day on-call during the normal work week, and two hours worked per day on-call during weekends and holidays; this credit would be in addition to actual hours worked during normal duty hours or while on-call. Nonexempt employees who work a normal 40 hour work week, and also work on-call duty, will receive FLSA overtime rates for the on-call duty.
11. **Pay for Regular Compensatory Time.** It is expressly provided that the Department of Transportation, to the extent permitted by law, may pay FLSA exempt and FLSA nonexempt employees on a straight-time basis for work on a holiday or for regular compensatory time hours when the taking of regular compensatory time off would be disruptive to normal business functions.

DEPARTMENT OF TRANSPORTATION

(Continued)

12. **Underwater Bridge Inspections.** To more adequately compensate employees who perform hazardous duties for the state, the Department of Transportation is authorized to compensate employees who perform underwater bridge inspections an additional rate of pay of up to \$25 per hour for actual time spent performing underwater bridge inspections.
13. **Equal Employment.** To the maximum extent feasible, the department shall implement its Equal Employment Opportunity Plan to hire and promote qualified minority employees into vacant supervisory and management positions.
14. **Workers' Compensation Insurance.** Any necessary amounts appropriated above may be used to pay all expenses as authorized by VTCA, Transportation Code, § 201.106. The department is expressly authorized to employ a sufficient number of employees necessary to carry out the terms and provisions of said Act.
15. **Limitation on Residences.** None of the funds appropriated herein above may be expended for the purchase, construction, or maintenance of residences for employees of the Department of Transportation except maintenance camps in isolated areas and bridge tenders' buildings.
16. **Court Costs.** Any necessary amounts appropriated above may be used by the Department of Transportation to pay refunds authorized by law, and to pay court costs in suits involving the Department of Transportation. Such costs shall include payments for judgments, settlements, and other costs associated with right-of-way acquisition and inverse condemnation.
17. **License Plate Contracts.** Any necessary amounts appropriated above may be used by the Department of Transportation to reimburse the Department of Criminal Justice for the cost of manufacturing motor vehicle license plates, and the Department of Criminal Justice shall be reimbursed as license plates are delivered and invoices are rendered to the department. At the time manufacture is started, the General Services Commission shall fix a price to be paid per license plate, and shall use as the basis for such price the costs of steel, paints and other material purchased, and the inmate maintenance cost per day, and overhead expense, and miscellaneous charges, and the amount of profit previously approved for such work.
18. **Appropriation Balances.** Any unobligated balance remaining after the first year of the biennium in Strategy A.1.10, Registration and Titling, above for the purpose of purchasing vehicle license plates and vehicle registration validation stickers, and enhancing the automated registration and titling system in accordance with House Bill 3014, Seventy-sixth Regular Session, may be used for the same purpose during the second year of the biennium.
19. **Payment of Fuel Taxes.** The Department of Transportation is authorized to pay directly to the Comptroller of Public Accounts, out of funds appropriated for operations and maintenance, any fuel taxes as required by law.
20. **Internal Audit.** The Department of Transportation shall maintain an internal auditing program in compliance with the provisions the Texas Internal Auditing Act, which shall incorporate, at a minimum, the assignment of an internal auditor at each district office and within each division of the department. Each internal auditor assigned pursuant to this provision shall report either directly to the Commissioners of the Department of Transportation or to the internal auditor appointed pursuant to § 2102.006, Government Code.

An internal auditor whose duty station is assigned pursuant to this provision may consider suggestions from a District Engineer in developing proposals for the department's annual audit plan.
21. **Minimum Wage Contracts.** In contracting for maintenance and construction contract work with the private sector, the Department of Transportation shall require that contractors and

DEPARTMENT OF TRANSPORTATION
(Continued)

subcontractors are paying all employees and contract labor at a rate at least equal to the federal minimum wage. The department shall withhold payments to contractors until their contractual obligations for paying employees and the contract labor have been fulfilled.

22. **Gross Weight and Axle Weight Fees.** Amounts collected from gross weight and axle weight fees are appropriated for distribution to counties as provided in VTCA, Transportation Code, § 621.353. All unexpended balances as of August 31, 2001, and all revenue received during the 2002–03 biennium are appropriated.
23. **Appropriation of Loan Fund Balances.** Any balances, from the General Revenue Fund as of August 31, 2001 (estimated to be \$385,000), and revenues accruing (estimated to be \$70,000) to the department's special aviation loan fund are hereby appropriated for the same purpose for the biennium beginning September 1, 2001.
24. **Appropriation: Grant Funds.** Any balances, from State Highway Fund 006 (estimated to be \$10,000,000) remaining as of August 31, 2001, of appropriations made to the department for airport development grants in House Bill No. 1, Acts of the Seventy-sixth Legislature, Regular Session, 1999, are appropriated for the same purpose for the biennium beginning September 1, 2001.
25. **Transportation Fee Rates.** The Texas Department of Transportation shall maintain rules providing for the following transportation fees at the rates specified to defray a portion of the state's cost of registering "For Hire" Ground Transportation:

Vehicle Registration Fee	\$ 10.00
Specialized Motor Carrier	\$ 100.00
Insurance Filing Fee, per carrier	\$ 100.00
International Stamps, per trip/per vehicle	\$ 10.00

All fee collections are to be deposited into the General Revenue Fund.

26. **International Stamp Fees.** It is the intent of the Legislature that the Texas Department of Transportation shall collect the International Stamp Fees specified in Rider No. 25 above in a uniform, consistent and equitable manner at all points of entry along the Texas and Mexico border. All fee collections are to be deposited in the General Revenue Fund.

Only if an insurance agent elects to file evidence of a master liability policy under which temporary insurance policies are issued, or to issue temporary insurance, may the department require an insurance agent to obtain international registration stamps as provided by department rules.

27. **Appropriation: Motor Carrier Audit Fees.** The Texas Department of Transportation, under the provisions of Transportation Code, Chapters 643 and 645, may bill out-of-state trucking firms for all expenses relative to conducting motor carrier registration and insurance compliance audits. All audit proceeds are hereby appropriated to the Texas Department of Transportation and may be expended for the associated expenses in conducting audits. Employees performing out of state audits are authorized actual reimbursement of travel expenses.
28. **Tow Truck Registration.** Out of the funds appropriated above in Strategy A.1.10, Registration and Titling, and pursuant to Transportation Code § 643.053, \$310,000 in fiscal year 2002 and \$310,000 in fiscal year 2003, from appropriated receipts, shall be used for the administration of the tow truck registration program.

DEPARTMENT OF TRANSPORTATION

(Continued)

29. **Reimbursement of Advisory Committee Members.** Pursuant to Government Code § 2110.004 reimbursement of expenses for advisory committee members, out of the funds appropriated above, is limited to the following advisory committees:
- Bicycle Advisory Committee
 - Aviation Advisory Committee
 - Public Transportation Advisory Committee
 - Port Authority Advisory Committee
30. **Interagency Agreements.** Out of funds appropriated in Strategy A.2.2, Travel Information, \$670,000 through interagency contracts with the Commission on the Arts and \$500,000 through interagency contracts with the Texas Historical Commission each fiscal year, shall be used to showcase the arts, culture, and historical diversity in Texas to promote tourism.
31. **Project Status.** The Department of Transportation shall provide to each member of the House and Senate, unless a member requests it not be provided, a status report on all highway construction projects, by legislative district, currently under contract or awaiting funding. The report shall include projects that would be funded fully or in part by state, federal, or toll funds. The report shall be filed prior to January 1, each fiscal year. In addition, 90 days prior to any loan being granted by the department for any project, all members of the district shall be notified on the status of the project and how other projects in any district would be affected.
32. **Trust Fund 927.** The Department of Transportation is hereby authorized to receive and hold funds in Trust Fund 927 (county or political subdivision road participation account) from governmental and private entities for purposes of reimbursing Highway Fund 006 for expenses incurred with transportation projects, including highway and aviation.
33. **State Highway Fund Reimbursement.** To the extent that funds are made available from local governments under Transportation Code 22.055(b), the department is hereby appropriated amounts as necessary from State Highway Fund 006 for purposes authorized by Chapter 22 of the Texas Transportation Code. Funds made available to the department under Transportation Code 22.055(b) are to be used only for the purpose of reimbursing State Highway Fund 006.
34. **District Discretionary Funds.** Out of the funds appropriated above in Strategy A.1.3, Highway Construction, the Department of Transportation shall allocate a minimum of \$2.5 million for each district to the State District Discretionary Category each fiscal year. These funds may not be used for highway construction project cost overruns or shortfalls.
35. **Travel Information.** If the department determines that it cannot meet anticipated production and distribution for the Texas State Travel Guide and related travel literature from funds appropriated in Strategy A.2.2, Travel Information, the department shall transfer sufficient funds to meet demand for each year of the biennium.
36. **Local Government Assistance.** The Texas Department of Transportation, pursuant to Texas Transportation Code § 201.706, may assist cities with the maintenance of city streets by providing engineering/maintenance expertise on roadway maintenance and when surplus materials are available, the department shall make available the surplus materials to any local government needing such materials.
37. **Full-time Equivalent: Summer Hire Program.** Full-time Equivalent (FTE) positions associated with the Summer Hire Program of the Department of Transportation, in an amount not to exceed 1,200 FTEs, shall be exempt from the Article IX provision establishing a limitation on state agency employment levels for the third and fourth quarters of each fiscal year. It is the intent of the Legislature that this provision will not change the "Number of Full-time Equivalent Positions (FTE)" listed elsewhere in this Act. The Department of Transportation shall provide to

DEPARTMENT OF TRANSPORTATION

(Continued)

the Legislative Budget Board, the Governor, and the State Auditor's Office a report of the number of FTEs associated with the Summer Hire Program each fiscal year.

38. **Clothing Provision.** The department may provide a cleaning allowance for Travel Counselors not to exceed \$500 per year.
39. **Turnpike Authority Funds.** Out of the funds appropriated above in Strategy A.1.1, Plan/Design/Manage, any balances from General Revenue Account 5038-TxDOT Turnpike Authority estimated to be \$2,300,000 remaining as of August 31, 2001, from appropriations made to the department to study, design, construct, operate, expand, enlarge, or extend turnpike projects shall be utilized for the same purpose for the biennium beginning September 1, 2001. It is the intent of the Legislature that the department expend all remaining balances from General Revenue Account 5038-TxDOT Turnpike Authority for the administration of the Turnpike Authority Division prior to other appropriations, unless directed elsewhere in this Act. Any unobligated balance of the appropriation remaining after the first year of the biennium in the General Revenue Account 5038-TxDOT Turnpike Authority shall be used for the same purpose during the second year of the biennium.
40. **Special License Plate Information.** Out of funds appropriated above to the Texas Department of Transportation in Strategy A.1.10, Registration and Titling, the agency shall include in the annual registration information sent to registrants, information on the department's special license plates.
41. **Reporting Requirements.** The Texas Department of Transportation shall provide a report to department's border district legislators and to the respective metropolitan planning organizations on department's trade transportation activities in such border districts during the 2002–03 biennium. The department shall report annually no later than January 1, each year of the biennium. The report shall also be provided to the Governor and the Legislative Budget Board.

The Texas Department of Transportation shall submit a monthly revenue report to the Legislative Budget Board and the Governor on state and federal funds received in State Highway Fund 006 as specified by the Legislative Budget Board. At any time, if the department becomes aware of any variances to estimated amounts appropriated above out of state and federal funds received in State Highway Fund 006, the department shall notify the Legislative Budget Board and the Governor in writing specifying the affected funds and the reason for the anticipated change.

42. **Trade Transportation Projects.** From funds appropriated above to the Texas Department of Transportation the department shall:
 - a. Consider significant increases to the department's North American Free Trade Agreement, NAFTA, Discretionary Fund;
 - b. Retain any funds replaced by allocation through § 1119 of the Transportation Equity Act for the twenty-first century for use by the department on high priority trade transportation related projects;
 - c. Consider immediate relief from local contribution requirements for the Texas Department of Transportation designated border trade transportation projects;
 - d. Consider allocating additional department resources to the planning, design and construction activities related to high priority border trade transportation projects in the border districts; and

DEPARTMENT OF TRANSPORTATION

(Continued)

- e. Consider more aggressive State Infrastructure Bank loan terms for the Texas Department of Transportation designated high priority trade transportation projects in the Texas Department of Transportation border districts.
- 43. **Appropriation: Automobile Theft Prevention Funds.** Any balances, from the General Revenue Fund, remaining as of August 31, 2001, of the appropriations made herein to the department for auto theft prevention grants in House Bill No. 1, acts of the Seventy-sixth Legislature, Regular Session, 1999, (estimated to be \$400,000), are appropriated for the same purposes for the biennium beginning September 1, 2001.
- 44. **Agency Coordination.** The Texas Department of Transportation and the Texas Natural Resource Conservation Commission shall coordinate their efforts on the acquisition and potential uses of crumb rubber and shredded tire pieces in the various phases of highway construction. The Texas Department of Transportation and the Texas Natural Resource Conservation Commission shall provide to the appropriate Legislative Committees a report on their progress by January 1, of each fiscal year.
- 45. **Projects for Traffic from International Trade.** The department annually shall review its proposed road and maintenance projects to determine whether the projects and maintenance are adequate to allow for the projected impact of overweight trucks on state highways, resulting from international trade.
- 46. **Light Pollution.** None of the funds appropriated to the Texas Department of Transportation may be used to install or replace an outdoor lighting fixture located in Brewster, Jeff Davis, Pecos, Presidio or Reeves county unless:
 - a. the new or replacement outdoor lighting fixture is a fully shielded outdoor lighting fixture that allows no direct light to travel upward into the night sky if the rated output of the outdoor lighting fixture is greater than 1,800 lumens; or
 - b. full consideration has been given to conserving energy, reducing glare, preserving the natural night environment, and minimizing night sky glow caused by the scattering of artificial light in the atmosphere.
 - c. Subsections a or b do not apply if:
 - (1) a federal law, rule, or regulation preempts state law;
 - (2) the outdoor lighting fixture is used on a temporary basis because emergency personnel require additional illumination for emergency procedures;
 - (3) the light is necessary for special events or situations, including night-time construction, which require additional illumination; or
 - (4) a compelling safety interest exists that cannot be addressed by another method.
- 47. **Auto Theft Prevention.** The Texas Department of Transportation shall prioritize awarding Auto Theft Prevention program grants to areas of the state that have not received grants as of September 1, 2001.
- 48. **Unexpended Third Party Reimbursements.** Any balances remaining after the first year of the biennium from third party reimbursements received through bond issuances for the purposes of repaying the department for eligible expenses made by the Texas Turnpike Authority and credited to Strategy A.1.1, Plan/Design/Manage, may be used for the same purpose during the second year of the biennium.

DEPARTMENT OF TRANSPORTATION

(Continued)

49. **Coordination of Spaceport Initiatives.** It is the intent of the Legislature that the Texas Aerospace Commission, the Texas Department of Economic Development and the Texas Department of Transportation coordinate their efforts and spending related to establishing a reusable launch facility or Spaceport. These agencies shall develop, maintain, and adhere to a memorandum of understanding by January 1, 2002, that details the specific responsibilities of each agency and continues to provide interagency coordination and support to achieve the objective of establishing a Spaceport.
50. **Aviation Education.** Out of the amounts of nonconstitutionally dedicated State Highway Fund 006 dollars appropriated above to the Texas Department of Transportation in A.1.6, Strategy: Aviation Services, the department may use an amount not to exceed \$100,000 during each year of the biennium for Aviation Education purposes.
51. **Public Transportation Funding.** All State Highway Fund No. 006 appropriations above in A.1.7, Strategy: Public Transportation, are made from non-constitutionally dedicated revenue.
52. **Colonia Access Program.** Out of funds appropriated above in Strategy A.1.3, Highway Construction, the Texas Department of Transportation shall expend funds to establish a transportation program to improve access to colonias. The program shall be limited to counties within the El Paso, Laredo, and Pharr highway districts to improve the quality of roads for approximately 400,000 Texans who live in colonias.

In developing the rules and procedures for this program, the Texas Department of Transportation shall consult with the Office of the Governor, the Secretary of State, the Texas Water Development Board, and the Texas A&M University Center for Housing and Urban Development. It is the intent of the Legislature that the factors to be considered should include colonia population, condition of current roads, school bus routes, and access to other parts of the region.

53. **Agency Coordination with Northside Redevelopment Center.** The Department of Transportation shall establish a working relationship with the Northside Redevelopment Center in Houston and shall coordinate their efforts to advance the redevelopment of North Main Street considering that North Main Street was once the Montgomery Highway and then a highway spur. The department shall provide each member of the House and Senate, whose legislative district is affected, quarterly reports on their progress coordinating efforts with the Northside Redevelopment Center.
54. **Summer Interns.** Out of individuals hired for the Summer Hire Program, the department shall hire no less than 10 interns each year for the Texas Prefreshman Engineering Program (TexPREP).
55. **Property Asset Management.** Within 90 days from September 1, 2001, the department may appeal to the Governor the findings in the General Land Office's Real Property Valuation Report. During each year of the biennium, the department shall initiate a sale or lease of no less than 50 percent of the department's unsold and/or unleased properties identified and certified by the Governor in the General Land Office's Real Property Valuation Report. The department shall report quarterly to the Governor, the Comptroller, and the Legislative Budget Board its progress in meeting this charge. The department shall report any activity related to such properties to the General Land Office in a manner prescribed by the General Land Office.

Ten percent of the amount realized from the sale or lease of any property identified in the report is hereby appropriated to A.1.1, Strategy: Plan/Design/Manage, and 10 percent is hereby appropriated to A.1.5, Strategy: Routine Maintenance. Any unexpended balances remaining as of August 31, 2002, from appropriation increases realized from the sale or lease of property identified in the report, are hereby appropriated for the same purposes as of September 1, 2002.

DEPARTMENT OF TRANSPORTATION

(Continued)

On August 1 of each year, the Legislative Budget Board shall determine if the department has initiated the process to sell or lease the required amount of properties during each year and shall submit a report of these findings to the Governor. If the department does not initiate the process to sell or lease the required amount of properties during the first year of the biennium, a 7 percent capital charge may be assessed by the Legislative Budget Board and the Governor and reported to the Comptroller on any unsold and/or unleased properties identified and certified by the Governor in the General Land Office's Real Property Valuation Report for which a process has not been initiated.

The capital charges shall be calculated by the department on or before January 1, 2003, and detailed in a report to the Legislative Budget Board, the Governor, and to the Comptroller of Public Accounts. Appropriations in this Act in B.1.1 Strategy: Central Administration, and B.1.4, Strategy: Regional Administration, shall be reduced by the amount calculated so that the total amount reduced shall equate to the capital charge assessed, and shall be transferred to A.1.3, Strategy: Highway Construction, on or before January 31, 2003. The department may submit to the Legislative Budget Board a request for amounts to be reduced from specified strategies. Upon approval by the Legislative Budget Board, the timing of the transfer may be adjusted as necessary.

56. **Waste Tire Recycling.** It is the intent of the Legislature that the Texas Department of Transportation communicate and work with industries in all counties to maximize the use of tire recycling projects including but not limited to, civil engineering, highway construction, and land reclamation projects.

The department shall evaluate its progress and report to the Legislature and the Legislative Budget Board by January 1, 2003.

57. **Green Ribbon Project Expansion.** It is the intent of the Legislature that the Department of Transportation expand the Green Ribbon Project, a public-private partnership initiative to enhance the appearance of public highways by incorporating in the design and improvement of public highways the planting of trees and shrubs, emphasizing natural beauty and greenspace, integrating public art, and highlighting cultural uniqueness of neighborhoods, to other areas of the state.

Furthermore, in non-attainment and near non-attainment areas, in connection with a contract for a highway project, the department shall allocate to the district or districts in which the project is located an amount equal to not less than one half of one and not to exceed one percent of the amount to be spent under the contract for construction, maintenance, or improvement of the highway. If two or more districts share an allocation under this section, the districts shall divide the allocation according to the portion of the amount under the contract that will be spent in each district. A district that receives an allocation under this rider shall spend not less than one half of the allocation for landscaping and other enhancements included in the Green Ribbon program as improvements associated with the project that was the subject of the contract. The district may spend the allocated money that is not used for landscaping improvements associated with the project that was the subject of the contract for landscaping improvements associated with another highway or highway segment located in the district.

For purposes of this rider, landscape improvements means planting of indigenous or adapted trees and other plants that are suitable for the climate in which they will be located, and preparing the soil and installing irrigation systems for the growth of the trees and plants. In non-attainment and near non-attainment areas, the district or districts shall, to the extent possible, use trees and plants that help mitigate the effects of air pollution.

DEPARTMENT OF TRANSPORTATION

(Continued)

58. **Highway Safety Improvements.** From funds appropriated above the Texas Department of Transportation shall create a new State Funded Category labeled Highway Safety Improvement Projects, and designate funds to that category.
59. **Discretionary Funding Report.** From funds appropriated the Department of Transportation shall pursue every opportunity to increase its discretionary funding equivalent to three percent of its apportioned funding. The department shall report to the Governor and the Legislative Budget Board the status of attaining this goal no later than December 1, 2002.
60. **Tourist Information Center.** From funds appropriated above, the Texas Department of Transportation shall allocate \$100,000 each year of the biennium for the establishment of a tourist information center in the Rio Grande Valley contingent on the donation of property and a facility by a local municipality. The tourist information center must be located on a major highway.
61. **Commuter Rail Feasibility Study.** The Texas Department of Transportation shall conduct a feasibility study for a commuter rail along US 90A and the proposed connection with the Metropolitan Transit Authority of Harris County's proposed light rail mass transit system in the city of Houston. The study shall focus on the economic, financial, and transportation impact of commuter rail service on the cities of Houston, Missouri City, Stafford, Sugar Land, Richmond, and Rosenberg. The Texas Department of Transportation shall contribute an amount not to exceed \$175,000 for contracting with the Metropolitan Transit Authority, Harris County, and the cities included in the study to share the cost of the study.
62. **Railroad Infrastructure.** From funds appropriated above, the Texas Department of Transportation shall allocate \$300,000 for the purchase of abandoned railroad right-of-way within and adjoining the Northeast Texas Rural Rail District.
63. **Border Inspection Facilities.** It is the intent of the Legislature that before funds are expended for the purpose of building a co-located facility which would serve as a commercial motor vehicle inspection facility, border inspection station, or a centralized border inspection station that the department sign an agreement with the governing board of the municipality in which the facility is to be located which states that the location, plans, and implementation strategy for the proposed facility are acceptable to all parties involved.
64. **Loan Guarantee.** Out of funds appropriated above, the department may guarantee a loan in an amount not to exceed \$1,700,000 to support upgrades to Amtrak passenger rail service between Dallas and Shreveport. Pursuant to Transportation Code Chapter 456, the department may enter into a loan agreement for this purpose and may require security for said loan guarantee.
65. **Causeway Construction.** Out of funds appropriated above in A.1.3. Strategy: Highway Construction, the department may allocate \$10 million for South Padre Causeway construction costs during the biennium.
66. **Reimbursement Revenue Appropriation.** The Texas Turnpike Authority shall pay the Texas Department of Transportation an interest rate of six percent per year on amounts advanced for toll projects received during the biennium.

In addition to amounts appropriated above, the Texas Department of Transportation is hereby appropriated all reimbursements (estimated to be \$90,000,000) and interest received from amounts advanced for toll projects as follows:

- a. The amounts in Strategy A.1.1, Plan/Design/Manage, are hereby increased by \$40,000,000 plus interest thereon.

DEPARTMENT OF TRANSPORTATION
(Continued)

- b. The capital budget authority for the Texas Department of Transportation as set forth in Rider 1, Capital Budget, are hereby increased by \$50,000,000 plus interest thereon for the purposes of funding items postponed in fiscal year 2001, in the General Appropriations Act, Seventy-sixth Legislature, Regular Session, House Bill 1, due to the delayed reimbursement from the Texas Turnpike Authority for toll projects.
- c. Any additional money, including interest, shall be divided between Strategy A.1.1, Plan/Design/Manage, and the capital budget in the same proportion as set out above.

TEXAS WORKFORCE COMMISSION

	For the Years Ending	
	August 31,	August 31,
	2002	2003
A. Goal: COMMUNITIES AND LWDBS		
To support a statewide service delivery and evaluation system that assists local communities to identify and meet the workforce needs of employers and workers of the state.		
Outcome (Results/Impact):		
Percent of Local Workforce Development Boards with No Level II and III Sanctions During the Previous Fiscal Year	95%	95%
Percent of Unemployment Insurance Claimants Paid Timely	97%	97%
Percent of Unemployment Insurance Dispute Cases Resolved with Lower Appeal	82%	84%
Average Wait Time on Hold for Clients Filing Unemployment Insurance Initial Claims Using Tele-centers (Minutes)	1.3	1.3
Percent of Businesses Inspected in Compliance with Texas Child Labor Law	96%	96%
A.1.1. Strategy: LOCAL PROGRAM ASSISTANCE	\$ 2,408,481	\$ 2,729,445
Provide policy development and offer technical assistance and training to local workforce development area officials, boards and staff as they develop and implement local service delivery plans.		
Output (Volume):		
Number of On-site Technical Assistance Visits	313	337
Number of One-stop Service Career Development Centers Operated by TWC or LWDBs	93	93
A.1.2. Strategy: INTEGRATED INFORMATION SERVICES	\$ 10,153,153	\$ 10,284,052
Operate a statewide automated system to collect, research, analyze, disseminate and integrate labor market and workforce information to support service delivery and informed decision making in Texas by individuals, business, labor, local workforce development boards, educational institutions, state and local officials, and other interested groups.		
Output (Volume):		
Number of Labor Market Information Requests Closed	137,800	135,700
Efficiencies:		
Average Time in Hours to Resolve Computer Problems Preventing Client Access to Automated Information from TWIST	6.5	6

TEXAS WORKFORCE COMMISSION
(Continued)

A.2.1. Strategy: UNEMPLOYMENT INSURANCE	\$	88,975,461	\$	87,724,020
Provide monetary assistance to eligible Texans during times of unemployment through a system of tax collection, benefits payment, and impartial dispute resolution.				
Output (Volume):				
Number of Initial Unemployment Insurance Claims Filed		742,000		742,000
Efficiencies:				
Percent of Lower Unemployment Insurance Appeals Decisions Issued Timely		80%		85%
Average Time to Process Initial Unemployment Insurance Claim		18		18
A.2.2. Strategy: ENFORCEMENT: WAGE, CHILD LABOR	\$	3,484,111	\$	3,484,768
Assist workers in obtaining payment of wages due and protect children from exploitation in the workplace.				
Output (Volume):				
Number of On-site Inspections Completed for Texas Child Labor Law Compliance		2,550		2,600
A.2.3. Strategy: PROGRAM MONITORING AND COMPLIANCE	\$	4,066,185	\$	4,377,715
Monitor and evaluate compliance of local area service delivery for fiscal accountability and program effectiveness through on-site visits and audits, and ensure veterans and students of proprietary schools receive appropriate instruction.				
Output (Volume):				
Number of On-site Monitoring Reviews of Contractors Conducted		74		80
Total, Goal A: COMMUNITIES AND LWDBS	\$	109,087,391	\$	108,600,000

B. Goal: WORKERS ASSISTANCE

To support a system that enables individuals to prepare themselves to obtain and retain employment.

Outcome (Results/Impact):			
Percent of Employment Services Recipients Entering Employment	27%		27%
Percent of Individuals Served on the Senior Texans Employment Program	40%		40%
Percent of Choices Eligibles Who Participate in the Choices Program	39%		42%
Percent of Choices Participants Who Enter Employment	52%		52%
Percent of Food Stamp Employment and Training Participants Who Enter Employment	35%		35%
WIA Entered Employment Rate	70%		70%
Percent of WIA Title I Adult Participants on TANF	18.5%		18.5%
Percent of Reintegration of Offenders (RIO) Clients Who Entered Employment	77%		77%
Entered Employment Rate	61%		62.5%
Earnings Change Rate	4,936		4,936
Employment Retention Rate	76%		76%
Percent of Job Placements Employed One Year Later (Choices)	75%		75%
Choices Participation Rate for Two-parent Families	26.1%		25.6%
Choices Participation Rate for All Families	26.1%		25.6%
Percent of Child Care Vendors Who Have Met Designated Vendor Criteria	39%		39%

TEXAS WORKFORCE COMMISSION
(Continued)

B.1.1. Strategy: GENERAL WORKFORCE CLIENTS	\$	353,904,115	\$	353,096,757
Offer employment and training services and volunteer resources through a locally based network of career development centers that assess needs and offer skills enhancement and employment assistance to individual clients.				
Output (Volume):				
Number of WIA Participants Served		80,000		80,000
Number of Employment Services Participants Served		1,300,000		1,300,000
Number of RIO Participants Served		21,480		21,600
Number of Apprentices Served in State-sponsored Apprenticeship Training Programs		3,450		3,622
Efficiencies:				
Average Cost Per WIA Participant Served		2,000		2,000
Average Cost Per WIA Participant Who Entered Employment		9,000		9,000
Average Cost Per Employment Services Participant Who Entered Employment		107		107
Average Cost Per RIO Participant Who Entered Employment		284		276
Explanatory:				
Average Nonagricultural Wage Identified in TWC Job Orders As a Percent of Average Nonagricultural Wage Paid in Texas		42		40
B.1.2. Strategy: ADULT PUBLIC ASSISTANCE RECIPIENTS	\$	118,950,796	\$	107,754,733
Offer employment, training, transition and retention resources that enable adult public assistance recipients to become self-sufficient. Included in this strategy are TANF Choices (formerly JOBS), Food Stamp Employment and Training (E&T), and local innovation grants.				
Output (Volume):				
Number of Clients Served by Job Retention Services		2,000		2,000
Number of Clients Served by Local Innovation Projects		853		933
Number of Choices Participants in Two-parent Families Per Month		1,158		1,484
Number of Choices Participants in All Families Per Month		16,045		19,888
Number of Clients Served by the Welfare-to-Work Funds		12,301		0
Efficiencies:				
Average Cost Per Client Served in Component Activities: Choices		831.53		779.75
Explanatory:				
Number of Individuals in Two-parent Families Subject to Work Requirements		4,436		5,797
Number of Individuals in All Families Subject to Work Requirements		61,389		77,672
B.2.1. Strategy: EARLY CHILD CARE	\$	438,590,195	\$	441,449,116
Provide access to child care for eligible children in low-income families to enable parents to work or attend school or training.				
Output (Volume):				
Average Number of Children Served Per Day, Excluding Choices and E&T Services		85,281		79,352
Average Number of Children Served Per Day: Choices and E&T		22,463		27,843
Efficiencies:				
Average Cost Per Child Per Day for Child Care Services, Excluding Choices and E&T Services		13.44		13.44
Average Cost Per Child Per Day: Choices and E&T		16.21		16.21
Explanatory:				
Number of Children on Waiting List for Low-income Child Care		33,661		34,671
Number of New Children Enrolled in Child Care		100,347		100,347

TEXAS WORKFORCE COMMISSION
(Continued)

B.2.2. Strategy: SCHOOL TO CAREERS	\$ 4,780,893	\$ 0
Offer funding to assist in the development of local School-to-Careers initiatives that prepare an emerging workforce for transition from the school environment to the labor market.		
Output (Volume):		
Number of Employers Participating in School-to-Careers	27,000	0
Total, Goal B: WORKERS ASSISTANCE	\$ 916,225,999	\$ 902,300,606
C. Goal: EMPLOYERS		
To identify and help solve the workforce needs of Texas employers.		
Outcome (Results/Impact):		
Percent of Skills Development Fund Trainees Securing Employment with Participating Businesses	98%	98%
Percent of Self-Sufficiency Trainees Securing Employment with Participating Businesses	75%	75%
C.1.1. Strategy: BUSINESS SVCS & SKILLS DEVELOPMENT	\$ 0	\$ 0
In partnership with business, labor unions, community organizations and educational institutions, administer funding to public community and technical schools for equipping individuals with skills identified as needed by business and industry.		
Output (Volume):		
Number of Skills Development Fund Trainees	13,500	13,500
C.1.2. Strategy: SELF-SUFFICIENCY FUND	\$ 2,902,429	\$ 2,902,429
In partnership with business, labor unions, community organizations and educational institutions, administer funding to public community colleges and technical schools for skills needs assessment and for equipping adult TANF recipients with skills needed by business and industry.		
Output (Volume):		
Number of Clients Served by the Self-Sufficiency Fund	900	900
Total, Goal C: EMPLOYERS	\$ 2,902,429	\$ 2,902,429
D. Goal: INDIRECT ADMINISTRATION		
Indirect administrative and support costs.		
D.1.1. Strategy: CENTRAL ADMINISTRATION	\$ 9,611,316	\$ 9,645,943
D.1.2. Strategy: INFORMATION RESOURCES	\$ 6,038,657	\$ 5,909,146
D.1.3. Strategy: OTHER SUPPORT SERVICES	\$ 3,416,732	\$ 3,428,890
Total, Goal D: INDIRECT ADMINISTRATION	\$ 19,066,705	\$ 18,983,979
Grand Total, TEXAS WORKFORCE COMMISSION	\$ 1,047,282,524	\$ 1,032,787,014
Method of Financing:		
General Revenue Fund	\$ 18,081,321	\$ 18,073,425
GR MOE for Temporary Assistance for Needy Families	27,745,141	27,745,141
Earned Federal Funds	5,733,569	0
GR for Child Care and Development Fund	43,706,220	46,206,221
Proprietary School Fees	925,457	924,543
Subtotal, General Revenue Fund	\$ 96,191,708	\$ 92,949,330

TEXAS WORKFORCE COMMISSION
(Continued)

GR Dedicated - Unemployment Compensation Special Administration Account No. 165	5,002,807	5,029,417
Workforce Commission Federal Account No. 5026	926,233,809	914,956,007
Appropriated Receipts	6,539,835	6,538,620
Interagency Contracts	13,314,365	13,313,640
Subtotal, Other Funds	<u>\$ 19,854,200</u>	<u>\$ 19,852,260</u>
Total, Method of Financing	<u><u>\$ 1,047,282,524</u></u>	<u><u>\$ 1,032,787,014</u></u>
Number of Full-Time-Equivalent Positions (FTE):	3,913.5	3,913.5
Schedule of Exempt Positions:		
Commissioner, Group 4	\$99,500	\$99,500
Commissioner, Group 4	(2) 97,000	(2) 97,000
Executive Director, Group 5	125,000	125,000
Supplemental Appropriations Made in Riders:	<u>\$ 14,575,000</u>	<u>\$ 12,575,000</u>

1. **Capital Budget.** None of the funds appropriated above may be expended for capital budget items except as listed below. The amounts shown below shall be expended only for the purposes shown and are not available for expenditure for other purposes. Amounts appropriated above and identified in this provision as appropriations either for "Lease Payments to the Master Lease Purchase Program" or for items with an "(MLPP)" notation shall be expended only for the purpose of making lease-purchase payments to the Texas Public Finance Authority pursuant to the provisions of Government Code § 1232.103. Upon approval from the Legislative Budget Board, capital budgeted funds listed below under "Acquisition of Information Resource Technologies" may be used to lease information resources hardware and/or software versus the purchase of information resources hardware and/or software, if determined by commission management to be in the best interest of the State of Texas.

	<u>2002</u>	<u>2003</u>
a. Repair or Rehabilitation of Buildings and Facilities	\$ 688,999	\$ 692,999
b. Acquisition of Information Resource Technologies		
(1) LAN/WAN Area Upgrade & Replacement	1,176,000	1,176,000
(2) PC Infrastructure and Refresh	1,000,000	1,000,000
(3) Voice Response Unit Replacement	1,180,000	0
(4) E-Strategy	4,000,000	1,300,000
(5) Phone System Replacement	750,000	750,000
(6) IBM Mainframe Lease	1,205,582	1,205,582
(7) IBM Host Software	1,937,628	1,937,628
(8) DASD Management and Growth	495,000	495,000
(9) Open Systems Storage Expansion	850,000	1,275,000
(10) Unix Server Replacement	1,180,000	0
(11) Mainframe Infrastructure Upgrade	1,584,000	2,178,000
(12) Tape Library Expansion	1,153,351	1,153,351
(13) Redundant Mainframe	569,251	495,000
Total, Acquisition of Information Resource Technologies	<u>\$ 17,080,812</u>	<u>\$ 12,965,561</u>
Total, Capital Budget	<u><u>\$ 17,769,811</u></u>	<u><u>\$ 13,658,560</u></u>

TEXAS WORKFORCE COMMISSION

(Continued)

Method of Financing (Capital Budget):

General Revenue Fund	\$	120,405	\$	118,414
GR Dedicated - Unemployment Compensation				
Special Administration Account No. 165		81,040		79,179
Appropriated Receipts		17,174		16,083
Interagency Contracts		18,745		18,092
Workforce Commission Federal Account No. 5026		17,519,988		13,419,904
* GR Match for Welfare-to-Work Grant		4,748		0
Proprietary School Fees		<u>7,711</u>		<u>6,888</u>
Total, Method of Financing	\$	<u>17,769,811</u>	\$	<u>13,658,560</u>

2. **Appropriation: Federal Funds.** All moneys granted to this state by the federal government for the administration of the Unemployment Compensation Act or which are now on deposit to the credit of any funds maintained by the State Comptroller, Treasury Operations for the Texas Workforce Commission, and any moneys received for the credit of such funds are hereby appropriated for the purposes authorized by the provisions of the Texas Unemployment Compensation Act and for the purposes for which such moneys were granted.

3. Section 903, Social Security Act Funds.

- a. Out of amounts credited to this state's account in the Federal Unemployment Trust Fund under § 903 of the Social Security Act, there is included in the appropriation above \$5,189,607 in fiscal year 2002 and \$5,087,421 in fiscal year 2003 for withdrawal and use by the Texas Workforce Commission for the administration of the Texas Unemployment Compensation Act and its Public Employment Offices and telecenters. Said funds may be used to provide necessary office facilities and automated equipment, to include the purchase of land and construction of buildings, and the construction of improvements on property owned by the Texas Workforce Commission, including the cost of repairs and alterations to such property and the purchase of computers and related peripheral equipment.
- b. Any amounts allocated by the federal government to the commission during fiscal year 2002 or fiscal year 2003 shall be used only to pay expenses incurred for the administration of the Texas Unemployment Compensation Act. These funds shall not be used by the commission for the payment of Unemployment Compensation benefits or the administration of its Public Employment Offices.
- c. No part of said amounts specified immediately above, herein appropriated out of amounts credited to this state's account in the Federal Unemployment Trust Fund under § 903 of the Social Security Act, shall be expended after the close of the period covered by this Appropriation Act and any unused portion of such amounts shall, at such close, revert to this state's said account in the Federal Unemployment Trust Fund. The amount obligated pursuant to this act shall not exceed at any time the amount by which (a) the aggregate of the amounts transferred to the account of this state pursuant to § 903 of the Social Security Act exceeds (b) the aggregate of the amounts obligated for administration and paid out for benefits and required by law to be charged against the amounts transferred to the account of this State.

4. **Appropriation: Petty Cash Funds.** The Texas Workforce Commission is authorized to establish and maintain petty cash funds in local offices for the purpose of reimbursing transportation costs for job training participants in accordance with the regulations of the

*Should read "Earned Federal Funds."

TEXAS WORKFORCE COMMISSION

(Continued)

agency or agencies granting such funds. Any and all such funds received by the Texas Workforce Commission are hereby appropriated for the purposes authorized and the Texas Workforce Commission is authorized to disburse such funds for the purposes for which they are granted.

5. **Authorization: Sale of Agency-owned Buildings and Land.** In order to ensure effective facility management in coordination with the local workforce development boards, the agency is hereby authorized to sell agency-owned buildings and land. Any such sale must be based on a finding by the commission that no other economically viable alternative exists, and specifically that operation within agency-owned or leased buildings would not be feasible. Furthermore, in order to accommodate sudden and unexpected fluctuations in federal funding, the agency is hereby authorized to sell agency-owned buildings and land as it deems necessary. The authority granted in this provision is contingent upon the filing of a written notice with the Governor's Office of Budget and Planning and the Legislative Budget Board at least 90 days prior to the planned date of sale and is subject to the disapproval of either office within 90 days after notification.
6. **Payment of Unemployment Benefits - State Agencies.** It is the intent of the Legislature that the Texas Workforce Commission charge the Comptroller of Public Accounts only for unemployment benefits paid based on wages earned from agencies appropriated funds under the General Appropriations Act, and that agencies outside the General Appropriations Act be maintained as individual reimbursing employers.
7. **Smart Jobs Assessment.** On August 31 of each year the collection cost for the Smart Jobs assessment shall be transferred out of the Smart Jobs Fund 891 for the purpose of reimbursing the Federal Government for the cost of collecting the Smart Jobs Assessment. The amount of the transfer shall depend on the amount of the assessment transferred from the Holding Fund 890 to the Smart Jobs Fund 891 and the tax collection cost methodology agreed to by the Texas Workforce Commission and the US Department of Labor.
8. **Apprenticeship Program.** Out of the general revenue funds appropriated in Strategy B.1.1, General Workforce Clients, the Texas Workforce Commission shall allocate \$1,775,000 each year of the biennium for the purpose of funding the Apprenticeship Program.
9. **Appropriation: Proprietary Schools.** Out of funds appropriated above in Strategy A.2.3, Program Monitoring and Compliance, the amount of \$842,071 in each year from fees collected from applications for certification of proprietary schools and registration fees for representatives of proprietary schools shall be allocated for proprietary school regulation. The Texas Workforce Commission is hereby appropriated an amount not to exceed \$75,000 per year for the 2002-03 biennium from balances on hand in the Proprietary School Tuition Fund Account No. 5019 in the General Revenue Fund for the purposes of paying expenses and refunds authorized by the commission under the provisions of Education Code § 132.242.
10. **Federal Funds Appropriated.** The appropriations herein made may be used to match federal funds granted to the state for the payment of personal services, travel and other necessary expenses in connection with the administration and operation of a state program of public welfare services. The Texas Workforce Commission is hereby authorized to receive and disburse in accordance with plans acceptable to the responsible federal agency, all federal moneys that are made available (including grants, allotments, and reimbursements) to the state and retain their character as federal funds for such purposes and all fees authorized by federal law, and to receive, administer, and disburse federal funds for federal programs in accordance with plans agreed upon by the Texas Workforce Commission and the responsible federal

TEXAS WORKFORCE COMMISSION

(Continued)

agency, and such other activities as come under the authority of the Texas Workforce Commission, and such moneys are appropriated to the specific purpose or purposes for which they are granted or otherwise made available. Earned federal funds are not considered to be federal funds for the purpose of this section.

11. **Reappropriation of Federal and Local Funds.** All funds received by the commission from counties, cities, federal agencies and from any other local source during the 2002–03 biennium, and all balances from such sources as of August 31, 2001, are hereby appropriated for the biennium ending August 31, 2003, for the purpose of carrying out the provisions of this Act.
12. **Unexpended Balances for Child Care Funds.** It is the intent of the Legislature that any additional federal funds received as a result of current efforts to obtain child care funds, be used for child care. Except as otherwise provided, all unexpended and unobligated balances in the area of child care remaining from appropriations for the first year of the biennium to the Texas Workforce Commission (TWC) are appropriated to the commission for the purpose of drawing down all available federal funds for child care. The commission may transfer unexpended and unobligated balances of General Revenue appropriations to Strategy B.2.1, Early Child Care, in order to match available federal child care funds, which are appropriated to TWC. TWC is not subject to the requirements of Rider 34 for federal child care funds matched with available General Revenue, although TWC should notify the Legislative Budget Board and the Governor of the amounts of additional General Revenue used as match and the federal child care funds matched in each year of the 2002–03 biennium.
13. **Donated Purchase Agreements.** In order to maximize the availability of state matching funds for federal child care funds and to encourage local child care planning and match participation, the commission shall use donated purchase agreements and other funding mechanisms, to the extent allowed by federal law and regulations.
14. **Maximization of Child Care and Development Funds.** It is the intent of the Legislature that the Texas Workforce Commission cooperate with cities, non-profit organizations, the Texas Education Agency and local school districts to obtain local match necessary to maximize federal funds for child care. Necessary system and accounting system changes to effect this intent are authorized.
15. **National Community Service Act Programs.** Out of funds appropriated above in Strategy B.1.1, General Workforce Clients, and Goal D, Indirect Administration, the Texas Workforce Commission shall allocate \$700,000 in each year of the biennium for the purpose of meeting state matching requirements of federal dollars for National Community Service Act programs.
16. **Veterans Education Program.** Out of funds appropriated above in Strategy A.2.3, Program Monitoring and Compliance, the Texas Workforce Commission shall allocate \$180,000 in each year of the biennium for the purposes of automation, services, training and other indirect expenses for the Veterans Education Program.
17. **Method of Financing: Wage Assistance and Child Labor Protection.** The appropriations above include \$3,484,111 in 2002 and \$3,484,111 in 2003 from the Unemployment Compensation Special Administration Account 165 for Strategy A.2.2, Enforcement: Wage, Child Labor, for the purpose of enforcing the Wage Assistance and Child Labor Protection programs pursuant to Chapters 51, 61, and 63 of the Labor Code. In no event shall this provision be construed as an appropriation in excess of the amount appropriated above to the Texas Workforce Commission.

TEXAS WORKFORCE COMMISSION

(Continued)

18. **Project RIO.** It is the intent of the Legislature that the Texas Workforce Commission, the Texas Department of Criminal Justice, and the Texas Youth Commission together enhance the effectiveness of Project RIO by improving cohesive program delivery among the three agencies. The agencies shall together develop and implement a biennial strategic plan for the implementation of a more cohesive and effective Project RIO program which will emphasize necessary skill development, rehabilitation and appropriate assessment of the offender prior to inmate release. Not later than March 1, 2002, the biennial strategic plan, jointly prepared by the three agencies, and including specific strategies, measures, timeframes for program improvement, and a methodology for program evaluation, shall be submitted to the Legislative Budget Board and the Governor. With regards to appropriations for Project RIO, while total project funds are appropriated to the Texas Workforce Commission, interagency contracts are to be maintained during the 2002–03 biennium with the Texas Department of Criminal Justice and the Texas Youth Commission at no less than the funding and performance levels maintained as of August 31, 2001.
19. **Meeting Federal Work Participation Rates.** Federal Temporary Assistance for Needy Families (TANF) funds appropriated in Strategy B.1.2, Adult Public Assistance Recipients, shall be used for programs described in Human Resources Code § 31.0126, VTCA, including life skills or job readiness training, individual or group job search, business internship, on-the-job training, community or volunteer work experience, subsidized employment assistance, parent skills training, employment skills training, education and literacy training. The Texas Workforce Commission shall develop and implement a strategic plan to achieve the federal work participation rate for two-parent families. No later than December 1, 2001, the strategic plan, including specific strategies, measures, time frames for program improvement, and a methodology for program evaluation, shall be submitted to the Legislative Budget Board and the Governor.
20. **Earned Income Tax Credit Assistance.** Out of funds appropriated above, the Texas Workforce Commission shall assist recipients of Temporary Assistance for Needy Families (TANF) who become employed, and other low-income workers who may qualify for the credit under federal income and other requirements, to apply for the federal Earned Income Tax Credit.
21. **Employment and Child Care Programs in Rural Areas.** It is the intent of the Legislature that the Texas Workforce Commission and local workforce development boards cost-effectively expand the availability of employment and child care programs into rural areas.
22. **Adult Education and Literacy Training.** Out of funds appropriated above in Strategy B.1.2, Adult Public Assistance Recipients, the Texas Workforce Commission, or certified local workforce development boards that have a local plan approved by the Governor, shall use \$2,000,000 each year of the biennium to provide basic education and literacy training for recipients of Temporary Assistance for Needy Families (TANF) which meet the requirements of the Texas Education Code for Adult Education Programs. A portion of these funds shall be used to contract with community-based organizations with a minimum of two years prior experience as a literacy provider.
23. **Investment in Long-term Success for TANF Recipients.** Out of funds appropriated above in Strategy B.1.2, Adult Public Assistance Recipients, \$3,000,000 of Temporary Assistance for Needy Families (TANF) federal funds in each year of the biennium shall be used to invest in long-term success employment strategies for TANF recipients. The funds shall be used for the following purposes:
 - a. \$2,000,000 in each year of the biennium to fund job retention and re-employment services for TANF recipients; and

TEXAS WORKFORCE COMMISSION

(Continued)

- b. \$1,000,000 in each year of the biennium to fund local innovation grants, including a microenterprise development program administered centrally by the Texas Workforce Commission. Local innovation grants could also support proposals that offer training for non-traditional jobs or address particular barriers to work such as transportation.
- 24. **Continuing Education.** Recipients of child care service benefits who are 17 years of age or older with a high school diploma or GED and who wish to acquire an Associate Degree shall continue to be eligible for child care service benefits for a period not to exceed four years for an educational program if that program will prepare the recipient for a job in a high demand occupation with an upward career path as determined by a local workforce development board. The local workforce development board may determine the duration of child care assistance for a recipient in an educational program based on that individual's progress toward completing the program.
- 25. **Priority for TANF Recipients.** To the extent allowed under federal law, the Texas Workforce Commission and local workforce development boards shall give priority to recipients of Temporary Assistance for Needy Families (TANF) for training, employment services and child care funded by the Workforce Investment Act (WIA). The commission shall report annually to the Legislative Budget Board and the Governor's Office of Budget and Planning expenditures used for TANF recipients, the number of TANF recipients served with WIA funds, and their outcomes.
- 26. **Job Training Courses.** It is the intent of the Legislature that the primary objective of the job training courses provided under Strategy B.1.1, General Workforce Clients, is to teach job skills adequate for employment in the community. While English as a Second Language (ESL) may provide additional benefit to trainees, it may not be substituted for job training classes.
- 27. **Choices Program.** Any balances on hand may be carried forward from fiscal year 2002 to fiscal year 2003 to accomplish program requirements.
- 28. **Assistance Registration and Eligibility Determination.** To the extent possible it is the intent of the Legislature that if the Texas Workforce Commission or the Department of Human Services require applicants for Temporary Assistance for Needy Families (TANF) assistance to register with the commission before the Department of Human Services can determine their eligibility for benefits, then the registration/orientation for TANF applicants shall be provided at the Department of Human Services offices where the eligibility determination of TANF recipients occurs.
- 29. **Welfare-to-Work Grant.** Of the General Revenue amounts appropriated above in Strategy B.1.2, Adult Public Assistance Recipients, for the purpose of matching the federal Welfare-to-Work grant, \$5,733,569 in fiscal year 2002 is contingent on certification by the Chair of the Texas Workforce Commission that the commission has met all accountability and performance measure reporting requirements established by the Comptroller of Public Accounts, the Legislative Budget Board and the Governor. The certification required by this provision shall be submitted quarterly to the Comptroller of Public Accounts, the Legislative Budget Board and the Governor. The Comptroller of Public Accounts, the Legislative Budget Board, and the Governor may establish accountability and performance measure reporting requirements to carry out this provision. During any quarter of the fiscal year, no more than one-fourth of the state matching funds for the federal Welfare-to-Work grant appropriated for use during that fiscal year may be expended by the Texas Workforce Commission without the approval of the Legislative Budget Board and the Governor.

TEXAS WORKFORCE COMMISSION

(Continued)

30. **Core Measures Report.** The Texas Workforce Commission shall submit a quarterly report to the Legislative Budget Board and the Governor on agency performance according to the Core Measures adopted on May 27, 1994, by the Texas Council on Workforce and Economic Competitiveness, as modified. Each report shall be submitted with the agency's quarterly performance report and must be accompanied by supporting documentation as specified by the Legislative Budget Board and the Governor.
31. **Expenditure Report.** The Texas Workforce Commission shall submit a quarterly report to the Legislative Budget Board and the Governor on expenditures for each agency program by each local workforce development board and by the Texas Workforce Commission. Each report shall be submitted with the agency's quarterly ABEST/USAS reconciliation and must be accompanied by supporting documentation as specified by the Legislative Budget Board and the Governor.
32. **Skills Development and Self-Sufficiency Fund Report.** The Texas Workforce Commission shall submit a quarterly report to the Legislative Budget Board and the Governor on contracts executed by the commission, expenditures, program participants, and closed contracts for each Skills Development Fund and Self-Sufficiency Fund contract. Each report shall be submitted with the agency's quarterly ABEST/USAS reconciliation and must be accompanied by supporting documentation as specified by the Legislative Budget Board and the Governor.
33. **Contracts for Purchase of Client Services.** No funds appropriated to the Texas Workforce Commission may be utilized for contracts for the purchase of program-related client services unless:
 - a. such contracts include clearly defined goals, outputs, and measurable outcomes which directly relate to program objectives;
 - b. such contracts include clearly defined sanctions or penalties for noncompliance with contract terms and conditions;
 - c. such contracts specify the accounting, reporting, and auditing requirements applicable to funds received under the contract;
 - d. the agency has implemented a formal program using a risk assessment methodology to monitor compliance with financial and performance requirements under the contract, including a determination of whether performance objectives have been achieved; and
 - e. the agency has implemented a formal program to obtain and evaluate program costs information to ensure that all costs, including administrative costs, are reasonable to achieve program objectives.
34. **Additional Federal Funds.** No appropriation of federal funds in addition to the estimated amounts above may be expended by the Texas Workforce Commission unless:
 - a. the Texas Workforce Commission files a finding of fact along with a written plan outlining the use and projected impact of the funds on performance measures with the Legislative Budget Board and the Governor and indicating that additional appropriations are required to maintain adequate levels of program performance; and,
 - b. neither the Legislative Budget Board nor the Governor issues a written disapproval within 15 days of the receipt of the finding of fact and the written plan, which should not prohibit the agency from responding in an emergency.

TEXAS WORKFORCE COMMISSION

(Continued)

35. **Workforce Commission Expenditure Report.**

- a. In every local workforce development area where the Texas Workforce Commission has an office or field employees that participate in a state or federally funded workforce program, the office or field employee supervisor shall, no later than 90 days after the close of each fiscal year, provide the local workforce development board for that area with an accounting of all expenditures by that office or for those field employees, for the preceding fiscal year, associated with the delivery of services in that area.
- b. The accounting required by this provision shall include:
 - (1) the salary and benefits of each employee of the commission who works in the area;
 - (2) the indirect cost for regional and state administration, including payroll, supervisory, and other administrative costs;
 - (3) the values or rental cost of any building and all equipment owned or leased by the commission;
 - (4) the number of commission employees assigned to each major function of the delivery of workforce development services and the overall salary expenditure attributable to each major function;
 - (5) the training cost incurred by the commission, including travel costs related to training; and
 - (6) any other costs associated with the delivery of services in the area.
- c. The information required to be reported by this provision shall be prepared in accordance with rules established by the Council on Workforce and Economic Competitiveness and the Texas Workforce Commission.

36. **Child Care Resource and Referral.** Out of funds appropriated above in Strategy B.2.1, Early Child Care, the Texas Workforce Commission shall use \$1,000,000 in each fiscal year of the biennium to contract with governmental entities, non-profit agencies, or community-based organizations to provide a network of child care consumer education services through resource and referral agencies.

37. **Training Our Teachers Program.** Out of funds appropriated above in Strategy B.2.1, Early Child Care, \$2,000,000 for the biennium shall be allocated from the Child Care and Development Fund administered by the Texas Workforce Commission for the purposes of improving the quality of available child care through a child care professional training program. The funds will be designated for a scholarship and wage supplementation program for eligible child care workers who seek nationally recognized Child Care Associate or Child Care Professional credentials, or Level One College Certificates and Associate Degrees approved by the Texas Higher Education Coordinating Board and agree to work for a registered child care facility for at least two years after receiving the credentials.

38. **Appropriation: Service Level Agreements.** The Texas Workforce Commission is hereby appropriated all fees collected from service level agreements with local workforce development boards or other entities for information technology services for the purpose of defraying costs incurred by the agency.

39. **Welfare-to-Work State Match.** It is the intent of the Legislature that funds be provided to match federal Welfare-to-Work grant funds during the grant period. To the extent allowed under federal law, the commission shall monitor expenditures to insure that the expenditure of matching funds and federal grant funds is reasonably consistent.

TEXAS WORKFORCE COMMISSION

(Continued)

40. **Welfare-to-Work Status Report.** It is the intent of the Legislature that the Texas Workforce Commission and local workforce development boards together maximize the effectiveness of the Welfare-to-Work grant program by providing cohesive service delivery to hard-to-employ clients. The Texas Workforce Commission and local workforce development boards shall together ensure that local plans promote effective Welfare-to-Work program services. No later than September 1, 2002, a status report on the Welfare-to-Work program shall be compiled by the Texas Workforce Commission with input from the local workforce development boards and submitted to the Legislative Budget Board and the Governor. The report should include an evaluation of service delivery strategies, performance measures by state fiscal year and by grant year, and an accounting of all federal, state, and local expenditures.
41. **Appropriation: Skills Development Fund.** The Texas Workforce Commission is hereby appropriated \$12,500,000 in each year of the 2002–03 biennium in Strategy C.1.1, Business Services and Skills Development from General Revenue.
42. **Earned Federal Funds.** The appropriation of Earned Federal Funds above is made from balances available as of August 31, 2001.
43. **Welfare-to-Work Grant Programs.** It is the intent of the Legislature that Welfare-to-Work funds may be used to provide non-custodial parents and former foster care adolescents with job training, post-employment services, parenting classes, and any other services permitted under Welfare-to-Work grant rules.
44. **Study on State Personnel Costs.** The Texas Workforce Commission, in cooperation with the General Services Commission, shall conduct a study of state agency operating and personnel costs in various regions around the State. The Texas Workforce Commission will specifically investigate costs associated with state employees compensation, providing a comparison of average compensation and costs of living in both rural and urban Texas counties outside the Austin area. One copy each of the report shall be delivered to the Governor, the Lieutenant Governor, the Speaker, the Members of the Texas Senate and the House of Representatives, and the Legislative Budget Board no later than September 1, 2002.
45. **Appropriation: Nine West Settlement.**
 - a. Contingent upon funds from the *State of Florida, et al. v. Nine West Group, Inc. and John Does 1-500* (“Nine West Settlement”) entered into by the Office of the Attorney General becoming available for appropriation, there is hereby appropriated \$1,900,000 to the Texas Workforce Commission. In addition to these funds, the Texas Workforce Commission is also appropriated any balances, including interest earnings generated by the settlement money, remaining after all other distributions from the settlement as specified elsewhere in the Act are made.
 - b. The funds described in subsection (a) are to be used for the purpose of making a one-time grant to an established Texas chapter of a national non-profit organization that provides services for women transitioning into the workforce. It is the intent of the Legislature that Dress for Success-Houston be the recipient of these funds. Specifically, the organization should provide services related to interview training, skills for job placement, and should provide clothing to women for interviews and job placement at no charge to the recipients. The organization should also provide job retention assistance services through a networking association. The grant should require the organization to use these funds to set up an endowment, the earnings of which should then be used by the organization to provide the requested services for the Texas Workforce Commission, in addition to providing technical support and assistance for additional locations in the State of Texas. The organization should report regularly to the Texas Workforce Commission the use of the proceeds from the endowment created.

TEXAS WORKFORCE COMMISSION

(Continued)

- c. Contingent upon funds from the Nine West Settlement becoming available for appropriation, there is hereby appropriated \$100,000 to the Texas Workforce Commission. Such funds are appropriated for the purpose of making a one-time grant to Links, Inc. The grant shall be used for funding health, educational, vocational, and/or safety programs for women, and shall be distributed as follows:
 - (1) \$33,333 to the Port City (Houston) Chapter of the Links, Inc.;
 - (2) \$33,333 to the San Antonio Chapter of the Links, Inc.;
 - (3) \$33,334 to the Trinity Chapter of the Links, Inc.
 - d. Funds received from the Nine West Settlement may only be used for purposes that comply with the terms of the Nine West Settlement.
46. **Quality Initiatives by the Texas Workforce Commission.** The Texas Workforce Commission shall collect state and local data which it will use to assess the effectiveness of the existing utilization of the 4 percent quality dollars by the local workforce development boards. The Texas Workforce Commission shall produce a report which will highlight promising practices in expanding quality early education.
47. **Wage Level Accountability.** Out of amounts appropriated above to Strategy B.1.2, Adult Public Assistance Recipients, the Texas Workforce Commission may reserve \$600,000 in fiscal year 2002 and \$600,000 in fiscal year 2003 to develop a program to encourage local workforce development boards to place and retain Choices participants in jobs which provide adequate wages and hours of work to lift participants above the federal poverty level. The Texas Workforce Commission may develop rules to implement this program and may use alternative measures of income which take into account regional differences in cost of living, economic conditions, and job opportunities. The Texas Workforce Commission is to involve representatives of local workforce development boards in establishing the guidelines for this accountability program.
48. **TANF Transfers to Title XX.** Out of the funds appropriated above in Strategy B.1.2, Adult Public Assistance Recipients, the Texas Workforce Commission may request approval from the Legislative Budget Board and the Governor to transfer federal Temporary Assistance for Needy Families funds to the Social Services Block Grant to be used for transportation services to families residing in minimum service counties.
49. **Internet Solutions for Child Care Facilities.** Out of the funds appropriated above, the Texas Workforce Commission shall conduct a pilot program to examine an internet-based attendance reporting system for providers of child care services, as well as a pre-screening internet application available to the public to assist individuals in obtaining child care services. This pilot is to be conducted in one urban county and one county along the Texas-Mexico border. The commission shall submit a report on the outcome of this pilot to the Governor, the Legislature, and the Legislative Budget Board by January 1, 2003.
50. **Expenditures on Quality Child Care Programs.** It is the intent of the Legislature that the Texas Workforce Commission and the local workforce development boards expend federal Child Care and Development Funds designated for quality activities in child care services according to the definition of quality activities in Government Code § 2308.317.
51. **West Texas Disaster Recovery and Operations Center.** It is the intent of the Legislature that the Texas Workforce Commission transfer its mainframe computer operations to the West Texas Disaster Recovery and Operations Center.

REIMBURSEMENTS TO THE UNEMPLOYMENT
COMPENSATION BENEFIT ACCOUNT

	For the Years Ending	
	August 31,	August 31,
	2002	2003
A. Goal: STATE'S UC REIMBURSEMENT		
To comply with statutory requirements concerning the reimbursement of the Unemployment Compensation Benefits Account No. 937 for unemployment compensation benefits paid to former employees of the State of Texas.		
A.1.1. Strategy: STATE'S UC REIMBURSEMENT	\$ 13,034,547	\$ 13,295,238
Reimburse the Unemployment Compensation Benefit Account No. 937 for unemployment compensation benefits paid to former employees of the State of Texas.		
Grand Total, REIMBURSEMENTS TO THE UNEMPLOYMENT COMPENSATION BENEFIT ACCOUNT	<u>\$ 13,034,547</u>	<u>\$ 13,295,238</u>
Method of Financing:		
GR Dedicated - Unemployment Compensation Special Administration Account No. 165	\$ 4,262,297	\$ 4,347,543
Other Special State Funds	<u>8,772,250</u>	<u>8,947,695</u>
Total, Method of Financing	<u>\$ 13,034,547</u>	<u>\$ 13,295,238</u>

- 1. Reimbursement to Fund No. 937.** Reimbursements to the Unemployment Compensation Benefit Account shall be made from funds appropriated above to the full extent of the amounts identified in the method of financing, plus amounts reimbursed in accordance with other provisions of this Act.
- 2. Funding Source: Penalty and Interest Receipts.** Funds identified in the method of financing as General Revenue Fund-Dedicated-Unemployment Compensation Special Administration Fund Account No. 165 are appropriated from penalty and interest revenue for the purpose of paying that portion of the unemployment compensation benefits not paid by state agencies or institutions of higher education as prescribed by the section entitled Reimbursements For Unemployment Benefits of the General Provisions of this Act. Such revenue is defined as the penalty and interest receipts collected under §§ 213.021 and 213.022, Texas Labor Code, and authorized for the payment of unemployment compensation benefits to former state employees pursuant to § 203.202, Texas Labor Code.

Unemployment compensation benefit costs that exceed the General Revenue Fund-Dedicated-Unemployment Compensation Special Administration Fund Account No. 165 amounts for each fiscal year shall be paid only from penalty and interest revenue.

RETIREMENT AND GROUP INSURANCE

	For the Years Ending	
	August 31, 2002	August 31, 2003
A. Goal: EMPLOYEES RETIREMENT SYSTEM		
A.1.1. Strategy: RETIREMENT CONTRIBUTIONS	\$ 40,919,628	\$ 41,738,022
Provide an actuarially sound level of funding as defined by state law. Estimated.		
A.1.2. Strategy: GROUP INSURANCE	<u>\$ 137,367,747</u>	<u>\$ 156,231,065</u>
Provide a basic health care and life insurance program for general state employees. Estimated.		
 Total, Goal A: EMPLOYEES RETIREMENT SYSTEM	<u>\$ 178,287,375</u>	<u>\$ 197,969,087</u>
 Grand Total, RETIREMENT AND GROUP INSURANCE	<u><u>\$ 178,287,375</u></u>	<u><u>\$ 197,969,087</u></u>
 Method of Financing:		
General Revenue Fund, estimated	\$ 8,463,858	\$ 10,809,692
General Revenue - Dedicated, estimated	2,934,368	3,199,867
State Highway Fund No. 006, estimated	138,510,275	153,934,726
Federal Funds, estimated	27,495,622	29,067,906
Other Special State Funds, estimated	<u>883,252</u>	<u>956,896</u>
 Total, Method of Financing	<u><u>\$ 178,287,375</u></u>	<u><u>\$ 197,969,087</u></u>

SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY

	For the Years Ending	
	August 31, 2002	August 31, 2003
A. Goal: SOCIAL SECURITY/BENEFIT REPLACEMENT		
To provide funding to the Comptroller of Public Accounts for Social Security Contributions and Benefit Replacement Pay.		
A.1.1. Strategy: STATE MATCH – EMPLOYER	\$ 51,112,751	\$ 52,135,007
Provide an employer match for Social Security contributions. Estimated.		
A.1.2. Strategy: BENEFIT REPLACEMENT PAY	<u>\$ 11,914,069</u>	<u>\$ 11,052,086</u>
Provide Benefit Replacement Pay to eligible employees. Estimated.		
 Total, Goal A: SOCIAL SECURITY/BENEFIT REPLACEMENT	<u>\$ 63,026,820</u>	<u>\$ 63,187,093</u>
 Grand Total, SOCIAL SECURITY AND BENEFIT REPLACEMENT PAY	<u><u>\$ 63,026,820</u></u>	<u><u>\$ 63,187,093</u></u>
 Method of Financing:		
General Revenue Fund, estimated	\$ 3,430,304	\$ 4,034,190
General Revenue - Dedicated, estimated	1,538,496	1,545,902
State Highway Fund No. 006, estimated	47,702,173	47,813,874
Federal Funds, estimated	9,874,192	9,307,078
Other Special State Funds, estimated	<u>481,655</u>	<u>486,049</u>
 Total, Method of Financing	<u><u>\$ 63,026,820</u></u>	<u><u>\$ 63,187,093</u></u>

LEASE PAYMENTS

	For the Years Ending	
	August 31,	August 31,
	<u>2002</u>	<u>2003</u>
Out of the General Revenue Fund:		
A. Goal: FINANCE CAPITAL PROJECTS		
To provide funding to the General Services Commission for payment to the Texas Public Finance Authority for the payment of revenue bond debt service requirements.		
A.1.1. Strategy: LEASE PAYMENTS	\$ 162,805	\$ 163,077
		& UB
Make lease payments to the Texas Public Finance Authority on facilities financed through the Texas Public Finance Authority.		
Grand Total, LEASE PAYMENTS	<u>\$ 162,805</u>	<u>\$ 163,077</u>

**RECAPITULATION - ARTICLE VII
BUSINESS AND ECONOMIC DEVELOPMENT
(General Revenue)**

	For the Years Ending	
	August 31, 2002	August 31, 2003
Texas Aerospace Commission	\$ 1,250,000	\$ 750,000
Texas Department of Economic Development	25,412,619	24,563,273
Rider Appropriations	<u>72,500</u>	<u>72,500</u>
Total	25,485,119	24,635,773
Department of Housing and Community Affairs	19,553,479	23,207,220
Rider Appropriations	<u>300,000</u>	<u>300,000</u>
Total	19,853,479	23,507,220
Texas Lottery Commission	2,785,997	2,785,997
Department of Transportation	34,416,291	17,013,291
Rider Appropriations	<u>820,000</u>	<u>35,000</u>
Total	35,236,291	17,048,291
Texas Workforce Commission	96,191,708	92,949,330
Rider Appropriations	12,500,000	12,500,000
Contingency Appropriations	<u>2,000,000</u>	<u>0</u>
Total	<u>110,691,708</u>	<u>105,449,330</u>
Subtotal, Business and Economic Development	<u>\$ 195,302,594</u>	<u>\$ 174,176,611</u>
Retirement and Group Insurance	8,463,858	10,809,692
Social Security and Benefit Replacement Pay	<u>3,430,304</u>	<u>4,034,190</u>
Subtotal, Employee Benefits	<u>\$ 11,894,162</u>	<u>\$ 14,843,882</u>
Lease Payments	162,805	163,077
TOTAL, ARTICLE VII - BUSINESS AND ECONOMIC DEVELOPMENT	<u><u>\$ 207,359,561</u></u>	<u><u>\$ 189,183,570</u></u>

**RECAPITULATION - ARTICLE VII
BUSINESS AND ECONOMIC DEVELOPMENT
(General Revenue - Dedicated)**

	For the Years Ending	
	August 31, 2002	August 31, 2003
	<u>2002</u>	<u>2003</u>
Texas Department of Economic Development	\$ 5,536,094	\$ 239,900
Rider Appropriations	<u>300,000</u>	<u>0</u>
Total	5,836,094	239,900
Texas Lottery Commission	180,577,906	178,844,355
Department of Transportation	2,873,133	584,703
Texas Workforce Commission	5,002,807	5,029,417
Contingency Appropriations	<u>75,000</u>	<u>75,000</u>
Total	5,077,807	5,104,417
Reimbursements to the Unemployment Compensation Benefit Account	<u>4,262,297</u>	<u>4,347,543</u>
Subtotal, Business and Economic Development	<u>\$ 198,627,237</u>	<u>\$ 189,120,918</u>
Retirement and Group Insurance	2,934,368	3,199,867
Social Security and Benefit Replacement Pay	<u>1,538,496</u>	<u>1,545,902</u>
Subtotal, Employee Benefits	<u>\$ 4,472,864</u>	<u>\$ 4,745,769</u>
TOTAL, ARTICLE VII - BUSINESS AND ECONOMIC DEVELOPMENT	<u><u>\$ 203,100,101</u></u>	<u><u>\$ 193,866,687</u></u>

RECAPITULATION - ARTICLE VII
BUSINESS AND ECONOMIC DEVELOPMENT
(Federal Funds)

	For the Years Ending	
	August 31, 2002	August 31, 2003
Texas Department of Economic Development	\$ 5,584,610	\$ 5,584,610
Department of Housing and Community Affairs	185,125,588	185,124,754
Department of Transportation	2,365,208,682	2,298,993,029
Texas Workforce Commission	<u>926,233,809</u>	<u>914,956,007</u>
Subtotal, Business and Economic Development	<u>\$ 3,482,152,689</u>	<u>\$ 3,404,658,400</u>
Retirement and Group Insurance	27,495,622	29,067,906
Social Security and Benefit Replacement Pay	<u>9,874,192</u>	<u>9,307,078</u>
Subtotal, Employee Benefits	<u>\$ 37,369,814</u>	<u>\$ 38,374,984</u>
TOTAL, ARTICLE VII - BUSINESS AND ECONOMIC DEVELOPMENT	<u><u>\$ 3,519,522,503</u></u>	<u><u>\$ 3,443,033,384</u></u>

RECAPITULATION - ARTICLE VII
BUSINESS AND ECONOMIC DEVELOPMENT
(Other Funds)

	For the Years Ending	
	August 31, 2002	August 31, 2003
Texas Department of Economic Development	\$ 53,295,775	\$ 2,378,468
Rider Appropriations	<u>3,085,740</u>	<u>1,243,000</u>
Total	56,381,515	3,621,468
Department of Housing and Community Affairs	14,751,062	13,975,376
Department of Transportation	2,678,086,808	2,851,105,604
Rider Appropriations	<u>100,000,000</u>	<u>0</u>
Total	2,778,086,808	2,851,105,604
Texas Workforce Commission	19,854,200	19,852,260
Reimbursements to the Unemployment Compensation Benefit Account	<u>8,772,250</u>	<u>8,947,695</u>
Subtotal, Business and Economic Development	<u>\$ 2,877,845,835</u>	<u>\$ 2,897,502,403</u>
Retirement and Group Insurance	139,393,527	154,891,622
Social Security and Benefit Replacement Pay	<u>48,183,828</u>	<u>48,299,923</u>
Subtotal, Employee Benefits	<u>\$ 187,577,355</u>	<u>\$ 203,191,545</u>
Less Interagency Contracts	<u>\$ 15,713,085</u>	<u>\$ 15,712,360</u>
TOTAL, ARTICLE VII - BUSINESS AND ECONOMIC DEVELOPMENT	<u><u>\$ 3,049,710,105</u></u>	<u><u>\$ 3,084,981,588</u></u>

RECAPITULATION - ARTICLE VII
BUSINESS AND ECONOMIC DEVELOPMENT
(All Funds)

	For the Years Ending August 31, 2002	August 31, 2003
Texas Aerospace Commission	\$ 1,250,000	\$ 750,000
Texas Department of Economic Development	89,829,098	32,766,251
Rider Appropriations	<u>3,458,240</u>	<u>1,315,500</u>
Total	93,287,338	34,081,751
Department of Housing and Community Affairs	219,430,129	222,307,350
Rider Appropriations	<u>300,000</u>	<u>300,000</u>
Total	219,730,129	222,607,350
Texas Lottery Commission	183,363,903	181,630,352
Department of Transportation	5,080,584,914	5,167,696,627
Rider Appropriations	<u>100,820,000</u>	<u>35,000</u>
Total	5,181,404,914	5,167,731,627
Texas Workforce Commission	1,047,282,524	1,032,787,014
Rider Appropriations	12,500,000	12,500,000
Contingency Appropriations	<u>2,075,000</u>	<u>75,000</u>
Total	1,061,857,524	1,045,362,014
Reimbursements to the Unemployment Compensation Benefit Account	<u>13,034,547</u>	<u>13,295,238</u>
Subtotal, Business and Economic Development	\$ <u>6,753,928,355</u>	\$ <u>6,665,458,332</u>
Retirement and Group Insurance	178,287,375	197,969,087
Social Security and Benefit Replacement Pay	<u>63,026,820</u>	<u>63,187,093</u>
Subtotal, Employee Benefits	\$ <u>241,314,195</u>	\$ <u>261,156,180</u>
Lease Payments	162,805	163,077
Less Interagency Contracts	\$ <u>15,713,085</u>	\$ <u>15,712,360</u>
TOTAL, ARTICLE VII - BUSINESS AND ECONOMIC DEVELOPMENT	<u>\$ 6,979,692,270</u>	<u>\$ 6,911,065,229</u>
Number of Full-time Equivalent Positions (FTE)	19,530.0	19,530.0